

## Exhibit G

## **Condensed Deposition of**

### **KATHY OBENSHAIN**

**Date: March 16, 2006**

**Case: HUE v. NCO FINANCIAL SYSTEMS  
No.: 05-225-KAJ  
Volume: I**

**Reported by: G. PAIGE ALEXANDER, CSR**

**D'AMICO GERSHWIN, INC.**

**Phone: 770.645.6111**

**Fax: 770.643.1317**

**[www.AtlantaCourtReporter.com](http://www.AtlantaCourtReporter.com)**

## Hue vs. NCO Financial Systems

3/16/06 - Kathy Obenshain

Page 33	Page 35
<p>1 A They called it -- it's called outsourcing. I 2 don't exactly know how it works. I mean, specific 3 clients, from my understanding -- and that I was not 4 directly involved in it -- would outsource their 5 receivables to them to handle on a first-party basis.</p> <p>6 Q Who would outsource this business --</p> <p>7 A I don't know who they are, because I was not 8 involved in it. It's my understanding that is the 9 additional business that they conduct.</p> <p>10 Q Did they have that business when you were 11 there?</p> <p>12 A Did they have the business when I was there; 13 well, it was not part of my division, so it was not under 14 my purview, so, therefore, I don't know the details.</p> <p>15 Q Do you know approximately how many employees 16 NCO had when you were there?</p> <p>17 A Do I know how many employees NCO had; not 18 really.</p> <p>19 Q I don't want an exact number, obviously, but 20 was it 100, 1,000, 10,000?</p> <p>21 A No; 100,000, no, I don't think so; maybe 3 to 22 4,000. I could be wrong.</p> <p>23 Q Okay.</p> <p>24 A Probably am wrong, because I just don't know.</p> <p>25 Q Do you know how many employees there were in</p>	<p>1 MR. ISRAEL: He was asking strictly 2 commercial?</p> <p>3 A Yeah.</p> <p>4 BY MR. HOMER:</p> <p>5 Q Right. Yeah. Were there other offices that 6 NCO had that weren't for commercial collections?</p> <p>7 A Were there other offices that NCO had that 8 were not for commercial collections; as far as I know, 9 yes.</p> <p>10 Q How many of those were there?</p> <p>11 A I -- you are asking me if I know how many 12 there were that NCO had?</p> <p>13 Q Yes, if you know.</p> <p>14 A I don't know.</p> <p>15 Q Could you describe for me what your job 16 duties were when you were the vice president of the 17 collections division in --</p> <p>18 A What my responsibilities were, what my job 19 duties were?</p> <p>20 Q Right.</p> <p>21 A My primary responsibility, or my job duties 22 at NCO as the -- in that position were to manage the 23 collections staff for the division under the guise of my 24 immediate boss, who was Phil Weaver, under his direction.</p> <p>25 Q How long was Phil Weaver your boss?</p>
Page 34	Page 36
<p>1 the commercial collection division?</p> <p>2 A How many employees were in the commercial 3 collection division --</p> <p>4 Q And I'm talking about in January 2004.</p> <p>5 A Are you talking altogether, both collectors 6 and salespeople?</p> <p>7 Q Yes.</p> <p>8 A And admins and et cetera, geez, 3 to 400, 9 somewhere in that range.</p> <p>10 Q How many different cities were -- did the 11 commercial collection division operate in January of 2004?</p> <p>12 A In January 2004, you want to know how many 13 different cities we operated in, the commercial division. 14 We had an office in Portland. We had an 15 office in Tucson, Arizona. We had an office in Metairie, 16 Louisiana, an office in Atlanta, Georgia; an office in 17 Tampa; an office in Dover, Delaware; and an office in 18 Baltimore.</p> <p>19 Q Is that Portland, Maine or Portland, Oregon?</p> <p>20 A Oregon.</p> <p>21 Let me -- you are talking about strictly 22 collections?</p> <p>23 Q Right.</p> <p>24 A Okay.</p> <p>25 Q Did NCO --</p>	<p>1 A In what capacity? I mean, he was -- are you 2 asking me in this position or --</p> <p>3 Q Yeah. While --</p> <p>4 A When I was in this position?</p> <p>5 Q While you were the vice president of the 6 collection division, how long was Phil Weaver your boss at 7 that time?</p> <p>8 A How long was Phil Weaver my boss; almost the 9 entire time, save for a month or two.</p> <p>10 Q Was Ted Fox -- did Ted Fox succeed Phil 11 Weaver as your boss?</p> <p>12 A Did Ted Fox succeed; yes.</p> <p>13 Q When did he do that?</p> <p>14 A When did Ted Fox succeed Phil; that was in 15 December of 2003.</p> <p>16 Q What was Ted Fox's position before he became 17 your boss?</p> <p>18 A Ted Fox's position before he became my boss; 19 Ted Fox was my counterpart, responsible for the sales side 20 of the business.</p> <p>21 Q What was his title when he became your boss?</p> <p>22 A When he came my boss, what was Ted's title?</p> <p>23 Q If you remember.</p> <p>24 A Senior vice president of operations for the 25 commercial division, something in that.</p>

9 (Pages 33 to 36)

Page 37		Page 38			
1	Q	How frequently did you have interaction with	1	manager?	
2	A	Mr. Fox when he became – after he became your boss?	2	A	General collection manager, correct.
3	Q	How frequently did I have interaction with	3	Q	That's the position that Valerie Hue held?
4	A	Ted Fox when he became my boss; daily. His office was	4	A	That's the position that Valerie Hue held;
5		directly next to mine.	5	yes.	
6	Q	Do you know who Cherie Sugg is?	6	Q	So she would report both to Mike Scher and
7	A	Do I know who Cherie Sugg is; yes.	7	you –	
8	Q	Who is she?	8	A	Report to both of us, yes, uh-huh.
9	A	I don't know – who is she? I don't know	9	Q	Did you visit the Dover office?
10		what her current title is, but she was in human resources.	10	A	Did I visit the Dover office; yes.
11	Q	Was she the head of human resources for NCO	11	Q	How often did you do that?
12		while you were there?	12	A	How often did I do that.
13	A	Was she the head of human resources; I	13	Q	And right now I'm talking strictly about when
14		believe she answered to ~ and I can't remember his name.	14		you were the vice president of the collections division.
15	A	I don't remember the name of the person that she answered	15	A	When I was vice president of the collections
16		to, but I presume – I just can't remember his name. I	16		division, as I recall, I was in the Dover office probably
17	A	don't remember his name.	17		once a quarter.
18	Q	Did you have interaction with Cherie Sugg	18	Q	Is that approximately once a quarter, or did
19		when you worked with NCO? And by that I mean interaction	19		you actually every quarter make a point of visiting every
20	A	with respect to performing your job duties.	20		quarter?
21	A	Did I have interaction with her?	21	A	You are asking if I made a scheduled
22	Q	Not about personal interaction, but something	22		appointment to go there every quarter; my answer would be
23		to do with business.	23	A	no. I'm giving you an approximation.
24	A	Did I have interaction with her having to do	24	Q	Okay.
25		with business; yes.	25	A	My travel schedule was not planned out in
Page 38		Page 40			
1	Q	Can you describe what the nature of that was.	1		that regard.
2	A	What would the nature of that interaction be;	2	Q	But you averaged maybe a visit every quarter?
3		at any time if we had any concerns or questions about	3	A	I would say yes. I would say I averaged
4	A	human resource issues, we were certainly able to pick up	4		about a visit every quarter.
5		the phone and ask for her direction and guidance.	5	Q	How many people worked in that office in the
6	Q	Do you know who Mike Scher is?	6		collections division?
7	A	Do I know who Mike Scher is; yes.	7	A	How many people worked in that office in the
8	Q	Was he the general manager of the Dover	8		collection division; maybe – I would say probably 20; 25,
9		office while you were at NCO?	9		max.
10	A	Was he the general manager of the Dover	10	Q	I take it you knew each of those individuals?
11		office; yes, he was.	11	A	Did I know each of the individuals; yes.
12	Q	Do you know what his job duties were as	12	Q	I take it they knew you?
13		general manager of the Dover office?	13	A	You are asking me if they knew me?
14	A	Do I know what his job duties were as general	14	Q	Yes.
15		manager; well, he was certainly responsible for the sales	15	A	Who I was, recognized me?
16	A	production in that office and the daily operations in that	16	Q	Yes.
17		particular branch.	17	A	Yes.
18	Q	That would include the collection –	18	Q	You had meetings with them from time to
19		commercial collections?	19	time –	
20	A	That would include the commercial	20	A	Did I have meetings with them when I was
22	Q	Yes.	22	Q	Yes.
23	A	To a degree. The individual GCM also	23	A	Training meetings or just in general?
24		reported directly to me.	24	Q	Any kind of meetings.
25	Q	So the GCM, that's the general collection	25	A	Yes.

10 (Pages 37 to 40)

Hue vs. NCO Financial Systems

3/16/06 - Kathy Obenshain

Page 41	Page 43
<p>1 Q Would you generally have a meeting every time 2 you visited?</p> <p>3 A Would I have a meeting every time I visited; 4 yes.</p> <p>5 Q Did you have any policy about any employee 6 being able to come to you and tell you anything that they 7 wanted to about anything that was going on at the office?</p> <p>8 A Did I have a policy about anybody being able 9 to come to me and tell me anything that was going on at 10 the office?</p> <p>11 Q Some people refer to that as an open-door 12 policy.</p> <p>13 A Yes.</p> <p>14 Q Did that you have policy?</p> <p>15 A Yes, I had that policy.</p> <p>16 Q Did the employees know it?</p> <p>17 A Did the employees know it?</p> <p>18 MR. ISRAEL: Did the employees know it; you 19 can answer that.</p> <p>20 BY MR. HOMER:</p> <p>21 Q The people that worked for you in the 22 commercial division.</p> <p>23 A Yes.</p> <p>24 Q Prior to January of 2004, did any employee at 25 the Dover office come to you to tell you anything about</p>	<p>1 Q But can you give me an approximation of how 2 many times you would have emailed her or --</p> <p>3 A Can I give you an approximation --</p> <p>4 Q Yes.</p> <p>5 A -- of how many times?</p> <p>6 Q Yes.</p> <p>7 A No. Honestly, I can't.</p> <p>8 Q Would it be in the hundreds or tens or --</p> <p>9 A During the period of time -- are you asking 10 me for the entire period of time that she worked for me as 11 a GCM?</p> <p>12 Q Yes.</p> <p>13 A How many times I emailed her, probably 100.</p> <p>14 Q Were you involved in the promotion of Valerie 15 Hue at any point in time?</p> <p>16 A Was I involved in the promotion of Valerie 17 Hue; from -- to the GCM, the general collection manager?</p> <p>18 Q If you were involved in that. Were you 19 involved in that?</p> <p>20 A Yes.</p> <p>21 Q What was your involvement?</p> <p>22 A What was my involvement in her promotion; I 23 was involved with Phil Weaver in making the decision. I 24 also did the paperwork concerning her promotion.</p> <p>25 Q Did you make the decision to promote her?</p>
Page 42	Page 44
<p>1 something that Valerie Hue may have done wrong?</p> <p>2 A Did any --</p> <p>3 MR. ISRAEL: I'm sorry, I didn't --</p> <p>4 BY MR. HOMER:</p> <p>5 Q Did anybody come to you -- any employee of 6 the Dover office come to you, prior to January 2004, to 7 tell you that -- or inform you in some way that Valerie 8 Hue was doing something that was improper?</p> <p>9 A Did anybody come to me specifically telling 10 me that Valerie Hue was doing anything improper; no.</p> <p>11 Q Other than your visits to the Dover office, 12 did you communicate with the Dover office by other means, 13 for example, email?</p> <p>14 A Did I communicate with Dover via email; yes.</p> <p>15 Q And by phone?</p> <p>16 A Did I communicate with them by phone; yes.</p> <p>17 Q Did you communicate with Valerie Hue by 18 email?</p> <p>19 A Did I communicate with Valerie by email; yes.</p> <p>20 Q How frequently would you send her emails and 21 would she send you emails?</p> <p>22 A How frequently; whenever necessary. I 23 preferred doing business by phone personally.</p> <p>24 Q Okay.</p> <p>25 A I prefer to pick up the phone.</p>	<p>1 A Did I make the decision to promote her; Phil 2 and I did that together. We -- that was the general way 3 that we would make decisions about promotions in that 4 division.</p> <p>5 Q But Phil Weaver had authority over you; 6 correct?</p> <p>7 A Did Phil Weaver have authority over me; yes.</p> <p>8 Q Are you saying that you conferred and jointly 9 agreed that she should get a promotion?</p> <p>10 A Did we confer and jointly agree that she 11 should get a promotion; absolutely.</p> <p>12 Q Were you familiar with her work before she 13 got the promotion?</p> <p>14 A Was I familiar with her work; yes.</p> <p>15 Q Did you believe she was a good employee?</p> <p>16 A Did I believe she was a good employee; from 17 all that I knew, yes.</p> <p>18 Q Do you recall disciplining her one time after 19 she got promoted to general collection manager?</p> <p>20 A Do I recall disciplining her one time 21 concerning -- concerning what?</p> <p>22 Q Anything.</p> <p>23 A Do I recall disciplining her in what way?</p> <p>24 Q Do you recall her doing something that you 25 thought was improper and giving her a written reprimand</p>

11 (Pages 41 to 44)

Page 45	Page 47
1 for it?	1 a problem with her -- with her work, or anything related
2 A Did I ever give her a written reprimand for	2 to her work, while she was a general collection manager,
3 something she had done?	3 other than the events that took place in January 2004?
4 Q Yes.	4 A Do I recall of any other previous time that
5 A As in that the written reprimands would be	5 she had been written up; is that what you are asking?
6 done by HR.	6 Q Yes, you can put it that way.
7 Q Would you ever have any involvement in giving	7 A I believe -- and I -- and I -- that she was
8 any discipline to Valerie Hue that you recall?	8 also written up by HR for improper -- improper handling of
9 A Do I recall any discipline that I was	9 job description summaries, JDSSs, written -- written in her
10 involved in; I was involved in discipline that she	10 manner of handling JDSSs, job description summaries, for
11 received from human resources.	11 employees.
12 Q Can you tell me what that was about.	12 Q Anything other than that, the ones you
13 A Okay. Specifically, she was accused by other	13 mentioned already?
14 employees of having sexual toys that -- in the office,	14 A Anything else; not that I remember.
15 which were from a -- from a client that we represented.	15 Q From time to time did you become involved in
16 They were returns and -- from the debtors to the office in	16 the termination of employees that worked under you?
17 Dover. She was doing something with them	17 A From time to time did I become involved in
18 inappropriately --	18 the termination concerning employees that worked for me;
19 Q Okay.	19 yes.
20 A -- that somebody reported to human resources.	20 Q How many times did that happen while you were
21 Q Was she written up for that? Do you know?	21 the vice president of collections --
22 A Was she written up for that; yes.	22 A How many times --
23 MR. HOMER: I don't think we've seen that	23 Q The vice president of the collections
24 document.	24 division, yes.
25 MR. ISRAEL: (Mr. Israel nods head up and	25 A How many times; that's going to be very
Page 46	Page 48
1 down.)	1 difficult to count.
2 MR. HOMER: We have?	2 Q Is it that many? Is it so many that it's
3 MR. ISRAEL: You have. I think you have	3 hard to remember how many there were?
4 it.	4 A Is there so many that it would be hard for me
5 MR. HOMER: All right.	5 to remember how many there were; not so many; it's just a
6 MR. ISRAEL: But you can ask her. You will	6 question of it's a part of conducting business on a
7 see why. Just ask Kathy about it.	7 monthly basis while in a production environment.
8 A Yeah.	8 MR. ISRAEL: Off the record.
9 BY MR. HOMER:	9 (Thereupon, an off-the-record discussion
10 Q When did that take place?	10 was held.)
11 A When did that take place?	11 BY MR. HOMER:
12 Q Was it while she was a general collection	12 Q Can you give me an approximation of how many
13 manager?	13 times in the two-year period you were involved in
14 A While she was a general collection manager;	14 termination an employee?
15 yes.	15 A Approximation of how many times I was
16 Q What did she receive in the form of	16 involved in the termination of an employee?
17 discipline?	17 MR. ISRAEL: This is just as the VP of
18 A What did she receive in the form of	18 collections or --
19 discipline; it was from Michele Przepasniak, who worked	19 BY MR. HOMER:
20 for Cherie Sunn and it was a written in discussion	20 Q Yes as the VP of collections.
22 A I have not seen it --	22 A In the VP of collections?
23 Q Okay.	23 BY MR. HOMER:
24 A -- recently.	24 Q Right.
25 Q Any other occasion you recall that there was	25 A I would say at least three to four times a

12 (Pages 45 to 48)

Page 49	Page 51
<p>1 month.</p> <p>2 Q Were these mostly people that were terminated 3 because they couldn't collect enough debt?</p> <p>4 A Mostly they were -- you are asking me if they 5 were terminated because they could not collect enough 6 debt?</p> <p>7 Q Yes, or was it just a broad range of 8 different reasons?</p> <p>9 A Mostly for that reason, but a broad range of 10 other reasons, of various other reasons having to do with 11 compliance.</p> <p>12 Q Let's go back to December of 2004.</p> <p>13 Do you recall that Valerie Hue was terminated 14 and Matt Lane was terminated during that month?</p> <p>15 A Do I remember that they were terminated in 16 December of 2004?</p> <p>17 Q No, January 2004.</p> <p>18 A You said December.</p> <p>19 Q I'm sorry?</p> <p>20 A Do I recall that they were terminated in -- 21 that Matt Lane and Valerie Hue were both terminated in 22 January?</p> <p>23 Q Yes.</p> <p>24 A I just want to be sure that Matt was term-- 25 Matt, he may have been terminated right at the end of</p>	<p>1 Q Right.</p> <p>2 A -- how -- well, the termination itself had to 3 follow specific guidelines concerning write-ups, 4 concerning progression of discipline.</p> <p>5 Q I'm sorry, I probably asked you a confusing 6 question. I didn't phrase it very well.</p> <p>7 A Uh-huh.</p> <p>8 Q The question was -- you said that there were 9 a lot of terminations.</p> <p>10 A Uh-huh.</p> <p>11 Q I'm just trying to get at what process was 12 used to do it, in terms of who was involved in it 13 generally. For example, was it always yourself, somebody 14 from HR, somebody higher up, somebody lower? Who would 15 generally be involved, or did it vary, depending on who it 16 was being terminated?</p> <p>17 A Who would get involved, or did it vary, 18 depending on who was being terminated; concerning the 19 termination, human resources would always be involved to 20 be certain that all documentation was proper.</p> <p>21 Q Okay.</p> <p>22 A Okay, I would be involved to make certain 23 that they had gotten -- checked with HR to be sure that 24 everything was in place, generally, the general collection 25 manager or the -- and the immediate manager of that</p>
Page 50	Page 52
<p>1 December; but I think probably yes, the first part of 2 January.</p> <p>3 Q Do you recall approximately how many other 4 people were terminated in that month?</p> <p>5 A How many other people were terminated in that 6 month; in December of 2004?</p> <p>7 MR. ISRAEL: In January.</p> <p>8 BY MR. HOMER:</p> <p>9 Q January 2004.</p> <p>10 A In January 2004, do I remember how many 11 people were terminated during January of 2004; no.</p> <p>12 Q How about December of 2003? Would there have 13 been some in that month? Do you know?</p> <p>14 A Were there any in December of 2003; for 15 various production issues, for compliance, I am sure; I am 16 sure.</p> <p>17 Q All right.</p> <p>18 A As one month would end, we would make 19 decisions.</p> <p>20 Q Who was involved in deciding -- making these 21 decisions about terminating these people? Was it 22 different at different times, or was it always the same 23 group of people that got involved with that?</p> <p>24 A Who was involved in making decisions 25 concerning terminations or --</p>	<p>1 person. If it was a -- if it was going to be a compliance 2 issue, a violation of compliance policies that were in 3 place, that would be Sessions &amp; Fishman.</p> <p>4 Q Did you ever -- while you were the vice 5 president of the collection division, were you ever 6 involved in the termination of a general collection 7 manager other than Valerie Hue?</p> <p>8 A Was I ever involved in the termination of a 9 general collection manager other than Valerie Hue; oh, 10 let's see, I'm not sure if you call it -- yes, I was.</p> <p>11 Q Who was that?</p> <p>12 A That would be -- good lord, he was the GCM in 13 Chicago. I'll be honest with you, I'll telling you right 14 now here, I can't remember his name.</p> <p>15 Q Do you remember when it was?</p> <p>16 A In the year 2003, earlier 2003.</p> <p>17 Q Who was involved in the decision to terminate 18 him?</p> <p>19 A Who was involved in the decision to terminate 20 him; I was involved in the decision to terminate him, 21 Michele Przepasniak. She works for HR.</p> <p>22 Q Can you spell her last name.</p> <p>23 A P-R-Z-P-O-S-N-I-A-K, Michele Przepasniak.</p> <p>24 Q Okay.</p> <p>25 A Cherie Sugg, both. They had a number of</p>

<p style="text-align: center;">Page 53</p> <p>1 different counseling sessions with him; Phil Weaver.      2 Q What was his involvement?      3 A As my boss.      4 Q What did he do?      5 A What did Phil Weaver do; we concurred      6 together as to what action needed to happen, and we      7 involved HR to make sure that --      8 Q So you consulted with Phil Weaver?      9 A Consulted with Phil Weaver.      10 Q What did this general manager do that      11 resulted in his termination?      12 A What did the general manager do that resulted      13 in his termination; I'd have to go back and look at the      14 records exactly. There was some definite wrongdoing, his      15 conduct with speaking to employees, the manner in which he      16 spoke to employees.      17 Q Was inappropriate, how he dealt with      18 employees?      19 A Correct.      20 Q Can you be a little more specific as to what      21 he did.      22 A Can I be a little more specific; not to --      23 it's in the records. I'm not trying to skirt it. It's      24 just a question that I don't recall. He was written up      25 for the manner in which he spoke to people.</p>	<p style="text-align: center;">Page 55</p> <p>1 Q Do you recall if -- let me put it this way:      2 When Ted Fox became your boss, do you recall how many      3 people were terminated between December and January 2004?      4 A Do I recall how many people were terminated      5 between December and January?      6 Q Yes. After he became your boss, do you      7 recall how many people got terminated in that time period?      8 A Are you asking me as a result of Ted Fox      9 becoming --      10 Q No, not as a result. But after he became      11 your boss, how many -- if you recall, how many people were      12 terminated in that period, approximately?      13 A How many people --      14 MR. ISRAEL: One second.      15 In collections?      16 MR. HOMER: Yes.      17 BY MR. HOMER:      18 Q People that you were involved in the      19 termination with.      20 MR. ISRAEL: That's been asked and      21 answered, but go ahead and tell him if you know.      22 A For sure Matt and Valerie.      23 BY MR. HOMER:      24 Q Okay.      25 A But beyond that, I can't honestly tell you</p>
<p style="text-align: center;">Page 54</p> <p>1 Q Was he too disrespectful of people? Was      2 that --      3 A Was he too disrespectful; yes, he was      4 disrespectful. His tone and the use of certain language      5 was inappropriate.      6 Q Okay.      7 A And the details are in his -- in his record,      8 if I can remember his name.      9 Q Do you recall what was done to investigate      10 that problem?      11 A What was done to investigate the problem;      12 human resources conducted the complete investigation.      13 Q Okay. Did you get involved in the      14 investigation?      15 A Did I get involved in the investigation;      16 human resources, when they decided they were going to do      17 an investigation, would conduct the investigation and give      18 you the results.      19 Q And then --      20 A And so I get the results.</p>	<p style="text-align: center;">Page 56</p> <p>1 exactly.      2 Q Do you recall whether Ted Fox did any      3 investigation into the Matt Lane issue? In other words,      4 did he interview people about Matt Lane's -- what Matt      5 Lane did to get fired?      6 A Did Ted Fox interview people about Matt Lane      7 specifically?      8 Q Yes, if you know.      9 A I know he interviewed people in the Dover      10 branch, but I don't know whether he asked them specific      11 questions about Matt Lane; I don't recall.      12 Q He interviewed people in the Dover branch      13 about Valerie Hue; correct?      14 A He interviewed people in the Dover branch      15 about Valerie Hue; I can't honestly say if he only asked      16 them questions about Valerie Hue. He asked them questions      17 about procedures and what was going on in the Dover      18 branch.      19 Q He also asked questions about Valerie Hue; do      20 you recall that?</p>
<p>22 A Did I personally interview people concerning      23 these statements; no.      24 Q It was just the HR people that did that?      25 A Was it just the HR people; yes.</p>	<p>22 specifically, I wasn't on the phone with him when he did      23 the interviews.      24 Q So you don't know whether he asked questions      25 about Valerie Hue?</p>

<p style="text-align: right;">Page 57</p> <p>1 A Don't I know – I don't know.      2 Q Are you aware of Ted Fox getting involved in      3 interviewing employees about any termination that took      4 place?      5 A Am I aware of Ted Fox interviewing employees      6 about any termination that took place?      7 Q Right?      8 MR. ISRAEL: Meaning –      9 A Where?      10 BY MR. HOMER:      11 Q At any time while you were in this period      12 after December 2003.      13 A Anywhere in the company, anywhere in the      14 commercial division, the collection division?      15 Q Anybody in your division.      16 A Am I aware of any interviews that he      17 conducted with anybody concerning terminations of -- okay,      18 that's a pretty broad question; no.      19 Q Could you just generally describe – and we      20 don't need a real lengthy description. I'll probably get      21 into more detail later. But could you just generally      22 describe what happened that led up to the termination of      23 Valerie Hue. What were the major events that precipitated      24 her being terminated?      25 A You are asking me, what, the major events</p>	<p style="text-align: right;">Page 59</p> <p>1 Leckerman and gave us examples so that we would have an      2 opportunity to investigate.      3 Q Then you did the investigation, and that led      4 to Miss Hue's termination. Is that what happened? just in      5 broad terms. I realize we are going to –      6 A In broad terms, you are asking me if that's      7 what led to her termination?      8 Q The investigation.      9 A The investigation of the handling of the      10 checks?      11 Q Yes.      12 A That would be correct.      13 Q I'd like to read to you from the answer that      14 was filed in this case by NCO. This is paragraph 18 of      15 the answer to the Complaint.      16 It says, and this is a quote, "NCO admits to      17 terminating Plaintiff because she committed intentional      18 acts of wrongdoing, some of which were fraudulent in      19 nature, but all of which violated NCO's policies."      20 Do you agree with that statement?      21 A Do I agree with that statement?      22 MR. ISRAEL: Do you want to read it? It's      23 easier to read it.      24 THE WITNESS: Yes.      25 ///</p>
<p style="text-align: right;">Page 58</p> <p>1 that occurred prior to Valerie Hue's termination; correct?      2 Q Yes.      3 A Okay. During the month of 2003 -- well,      4 actually in 2004, January 2004, it was determined by Dina      5 Loft in corporate that there was an inordinate amount of      6 checks coming back in the Dover office that had not      7 received the proper documentation concerning why they were      8 redeposited.      9 There was also a specific incident --      10 Q You are getting a little beyond me right now.      11 We will get into that, but what I am trying to get at is      12 you've told me that Dina Loft, who was also known as Dina      13 Shaantiel -- were you aware of that?      14 A Yes.      15 Q She reported that there were too many NSF      16 checks. Would that be the right way to say it? NSF being      17 nonsufficient funds?      18 A Yes.      19 Q Who did she notify of that problem?      20 A Who did she notify of the problem?      21 Q Yes.      22 A She was doing research on every -- every      23 office, okay, and she notified myself.      24 Q Okay.      25 A She notified Ted Fox. She notified Steve</p>	<p style="text-align: right;">Page 60</p> <p>1 BY MR. HOMER:      2 Q Yes, you can read it. Let me circle it so      3 you can find it easily.      4 A Okay. Do I agree with that?      5 Q Yes. Is that accurate?      6 A Yes.      7 Q Was the result of your investigation that you      8 concluded Valerie Hue intentionally violated the check      9 handling policies? Is that a fair statement?      10 A Was it my feelings that she intentionally      11 violated the procedures; right?      12 Q Yes.      13 A Yes.      14 Q Is that why she got fired?      15 A Is that why she got fired?      16 Q Yes.      17 A Yes.      18 Q I just mentioned NSF.      19 A Uh-huh.      20 Q That was a term -- or those letters were used      21 to denote checks that had been returned because there      22 weren't sufficient funds in the bank account to cover the      23 check; is that correct?      24 A Yes. Insufficient funds are checks that are      25 returned, yes.</p>

	Page 61	Page 63
1	Q Are you familiar with the term redip?	1 were to be notated in the record.
2	A Am I familiar with the term redip?	2 Q When you say in the record, are you talking
3	Q Yes.	3 about --
4	A Yes. It stands for redeposit.	4 A In the record; in the file, the collector's
5	Q Isn't it spelled R-E-D-I-P, or is it D-E-P?	5 notes, regardless of who did the verification process or
6	Do you know?	6 who worked an account, whether it was a manager, whether
7	A Is it spelled R-E-D-I-P or R-ED-E-P?	7 it was me, whether it was a collector, whoever, anything
8	Q I've seen it both ways, but I think more	8 that went on on any account, the record -- the
9	commonly it's --	9 documentation had to be in the notes.
10	A Yeah, it's spelled R-E-D-I-P. Whether that's	10 Q In the year 2003, those notes were electronic
11	correct or not, it's just an abbreviation.	11 notes? Where were they kept?
12	Q When you say redeposit, is that term applied	12 A They were kept in the file, in the actual
13	when a check is -- had been returned NSF and then you	13 debtor record.
14	submit it back for payment again? Is that what a redip	14 Q Was that a hard copy file, or was that an
15	is?	15 electronic file, or both?
16	A When a check is returned for nonsufficient	16 A Was that a hard copy or electronic file?
17	funds and it's submitted for redeposit, is that what you	17 MR. ISRAEL: Talking about computers.
18	are asking me?	18 A Yeah, we are talking about computers, so it's
19	MR. ISRAEL: Yes.	19 part of the record. It's there permanently.
20	BY MR. HOMER:	20 BY MR. HOMER:
21	Q Yes.	21 Q But when you are talking about the collector
22	A Yes.	22 noting -- keeping these notes in the file, you are saying
23	Q So it applies to NSF checks?	23 that they kept them in a file drawer or --
24	A Would it apply to NSF checks; yes.	24 A No; no; no.
25	Q Did NCO have any policies regarding what you	25 Q -- or put them in a computer, or where did
	Page 62	Page 64
1	had to do to redip an NSF check? I'm talking about	1 they go physically?
2	December of 2003?	2 A You are asking if they kept it in a file
3	A Are you asking me if we had policies in	3 drawer or in the computer; no. They were part of the
4	what --	4 permanent record of the debtor information. All the
5	Q Yes. Generally, what would you have to do,	5 information -- all accounts were worked in the computer.
6	if there was a policy in order to redip an NSF check in	6 Q Okay.
7	December 2003?	7 A So all notes are in the computer.
8	A What was the -- the policy that was in effect	8 Q Okay.
9	during December 2003 in order to redip a check?	9 A Any time you touch an account, you took any
10	Q Yes. And I'd like you to focus on	10 action on an account, made any calls to anywhere, whoever
11	verification, if you would. I know there were some --	11 you were, you were to document the record.
12	A Okay.	12 Q Okay.
13	Q There are various things that got done when	13 A The permanent record with regard to that
14	you redip. But what was the policy, if there was one, in	14 collection file.
15	December 2003 regarding verification?	15 Q You've talked about what you had to do
16	A What was the policy concerning verification;	16 regarding bank verification.
17	right?	17 A Uh-huh.
18	Q Of a redip NSF check.	18 Q Was there any other verification required to
19	A Okay, of a redeposited check, there was to be	19 redip an NSF check?
20	a call to the bank to verify whether or not there was	20 A Any other bank verification required to
22	also be asked of the bank if there was a stop payment on	22 Q No, I didn't say bank verification. Any
23	the item. We would have the item number. All of these	23 other verification --
24	notes concerning that call must be recorded in the record,	24 A Any other verification that needed to be done
25	as all notes in anything that went on with any account	25 in order to redeposit a check.

Page 65	Page 67
<p>1 Q An NSF check.</p> <p>2 A An NSF check; if you were not able to obtain 3 the information from the bank, your job, as the collector, 4 manager, and/or admin that was responsible for doing this 5 was – well, if the bank could not be verified – let's 6 put it this way: If the bank information could not be 7 verified at all, then that information was given to the 8 general collection manager.</p> <p>9 Q All right.</p> <p>10 A This – I cannot verify this check; the bank 11 won't give me information; I don't have sufficient 12 information; it's not good; there's a stop payment, 13 there's a whatever, that information was to be given to 14 the general collection manager and the producer.</p> <p>15 Q The producer is the collector?</p> <p>16 A The collector, right.</p> <p>17 Q Okay.</p> <p>18 A At that point -- do you want to --</p> <p>19 Q No. Go ahead.</p> <p>20 A At that point in time, it was the 21 responsibility of the collection manager, or GCM, and/or 22 producer to get in touch with the debtor and to find out 23 what the source of funds were to make a determination as 24 to whether or not the check was going to be made good.</p> <p>25 Q So if you couldn't get bank verification, you</p>	<p>1 if the bank had verified and everything was fine did they 2 have to contact the debtor, and it was a paper item that 3 was going to go to the bank again, the original item, did 4 they need to get the debtor's permission; no.</p> <p>5 MR. ISRAEL: Before you ask your next 6 question, do you mind if we take a short break?</p> <p>7 MR. HOMER: If you don't mind, I just have 8 a couple more. I'm almost done with this topic. 9 I'll try to be quick.</p> <p>10 BY MR. HOMER:</p> <p>11 Q I just have one or two more.</p> <p>12 A All right.</p> <p>13 Q Well, let's just take the break now. I'm not 14 cruel.</p> <p>15 (A brief recess was had.)</p> <p>16 BY MR. HOMER:</p> <p>17 Q We were taking about what you had to do to 18 verify a NSF check. And the next question I have for you 19 is: Was it acceptable to do debtor verification without 20 trying to do bank verification?</p> <p>21 A Was it acceptable to do debtor verification 22 without doing bank –</p> <p>23 Q Without attempting to do bank verification.</p> <p>24 A No.</p> <p>25 Q Okay.</p>
Page 66	Page 68
<p>1 had to get debtor verification. Is that a simpler way of 2 saying it?</p> <p>3 A Correct.</p> <p>4 Q If you did get bank verification, did you 5 have to also get debtor verification?</p> <p>6 A If you received bank information that the 7 funds were there, you would have to get debtor cooperation 8 to redeposit the check. If you were not going to take the 9 original instrument and redeposit it, okay – if you were 10 going to create a different instrument, a check fax, if 11 you were going to recreate that again, you would get 12 permission from the debtor. That's always been our 13 policy.</p> <p>14 Q So you have bank verification, but you want 15 to recreate the check. By that, you mean electronically 16 create a check?</p> <p>17 A Uh-huh.</p> <p>18 Q You would have to get the debtor's permission 19 to do that?</p> <p>20 A That's correct.</p> <p>21 Q What if it were not a re-creation 22 electronically? What if there was a paper check that you 23 just wanted to resubmit? Would you have to contact the 24 debtor to do that if the bank had verified it?</p> <p>25 A If the bank had verified – you are asking me</p>	<p>1 A No, if you had the bank information, you 2 should always talk to the bank first, especially to 3 determine if there's a stop payment on the item, in 4 addition to verifying funds.</p> <p>5 Q When the debtor called the -- I'm sorry, when 6 the collector called the debtor to verify funds, what 7 information did the collector have to obtain from the 8 debtor?</p> <p>9 A What information did the collector have to 10 obtain from the debtor; would this be an instance where we 11 already attempted to verify funds at the bank?</p> <p>12 Q Yes.</p> <p>13 A Okay.</p> <p>14 Q You already tried to verify on --</p> <p>15 A Okay.</p> <p>16 Q – an NSF check.</p> <p>17 A Correct. We would call the debtor and find 18 out – look, as of today, your check for \$1,000 does not 19 verify at the bank; it's already been returned once.</p> <p>20 Q Or you might tell them that, the bank 21 wouldn't tell us. That happened quite a lot, right?</p> <p>22 A Yes, that could happen; that would happen.</p> <p>23 Q So you called the debtor and said, it hasn't 24 verified. Then what else would you tell them?</p> <p>25 A You're asking if we called the debtor and let</p>

<p style="text-align: center;">Page 69</p> <p>1 him know whether or not the check had verified; yes, 2 that's correct. We would call him and let him know that, 3 your check has not verified, or it came back nonsufficient 4 funds; your bank will not give us information as to 5 whether or not the funds are there. And then usually the 6 debtor would say, Well, I the funds are there; I just made 7 a deposit today. Okay, one question you might want to ask 8 as a collector, Can you conference me in to your bank 9 officer so that we can confirm together that the funds 10 have not cleared.</p> <p>11 Q Was that required, that you conference in the 12 bank?</p> <p>13 A Was it required that we conference in the 14 bank; no, it wasn't required. But during many weekly 15 conference calls that we had with our GCMs and when I was 16 in the branches having my meetings with the collectors, 17 which I said, Here's another way for you to get around the 18 fact that banks won't verify funds for you. If the 19 debtor's words are good --</p> <p>20 Q Because they will talk to the debtor --</p> <p>21 A That's right.</p> <p>22 Q -- when they wouldn't talk to you?</p> <p>23 A Exactly. You can get them on the phone and 24 do a three-way, and you can hear that the funds are good. 25 And then that information -- if you were the producer --</p>	<p style="text-align: center;">Page 71</p> <p>1 absolutely certain that this information was in the file.</p> <p>2 Q Okay. I understand that would be helpful if 3 you had it.</p> <p>4 A Uh-huh.</p> <p>5 Q But what I'm really trying to get at is what 6 was required by the policy. And I think you are telling 7 me it wasn't required, that you should have the debtor 8 produce a deposit slip.</p> <p>9 A You are asking me if it was required that the 10 debtor produce a deposit slip; no, it was not required.</p> <p>11 It was strongly suggested, particularly if you are dealing 12 with -- and this is ongoing training, weekly conversations 13 with collection managers, if you have a individual who has 14 a history of -- a particular producer who has a history of 15 collecting bad checks, then it's your responsibility to 16 make sure they're verified.</p> <p>17 Q When the collector contacted the debtor and 18 got authorization or verification that the funds were 19 good, he would put a note in the computer system 20 indicating that that had happened; correct?</p> <p>21 A You are asking me if when he called and 22 verified, he was to put a note in the system; yes, he was 23 to put a note in the system to be part of the permanent 24 record, who he called, where he called.</p> <p>25 Q And what was said?</p>
<p style="text-align: center;">Page 70</p> <p>1 if you were the producer, then that information would be 2 documented in the -- if you were obtaining all this 3 information, then all these notes should be in the record, 4 who you called at the bank, what the phone number is, what 5 they said.</p> <p>6 Q Would it be acceptable to call a debtor when 7 you are doing this verification and say, you don't have -- 8 the bank wouldn't verify that the money is there; have you 9 put money in the bank. A debtor says, yes, it's a good 10 check now; you can collect it. Then you put notes into 11 the file, and then you can redip the check; is that 12 accurate? Would that be acceptable to do that?</p> <p>13 A If the -- you are asking me if the collector 14 picked up the phone and called the debtor and the debtor 15 said, I just made a deposit today, but it isn't reflecting 16 on my bank account but you can go ahead and redeposit the 17 check, depending on the circumstances of it. You can 18 always ask the debtor for -- and we discuss this in 19 training also with GCMs and collectors, about get a copy 20 of the deposit slip.</p> <p>22 the deposit slip?</p> <p>23 A It was not required, but if you, as a general 24 collection manager, were permitting this redeposit to 25 occur, then it was ultimately your responsibility to be</p>	<p style="text-align: center;">Page 72</p> <p>1 A And what was said, absolutely.</p> <p>2 Q Would he be required to have the debtor 3 indicate what the sources of the funds would be? In other 4 words, would he have to say to the debtor, I know you've 5 told me the check is good, but I want to know what you did 6 to make the check good; for example, did you sell a lot of 7 cars this month to make it good? Was he required to do 8 that, or could he just take the word that the check was 9 good?</p> <p>10 A Would he be required to find out what the 11 source of funds -- you know, what allowed him to have the 12 money in the bank; you are asking me that question?</p> <p>13 Q Yes.</p> <p>14 A Well, I would say that he needed to confirm 15 whether or not the money was in the bank that day. We 16 just talked to your bank; your bank says you don't have 17 sufficient funds. What happened today for you to have 18 sufficient funds. Or here's another question: Your bank 19 doesn't confirm that you have sufficient funds; well, I 20 have overdraft protection.</p> <p>22 answered my question.</p> <p>23 If the debtor -- does this policy -- the NCO 24 verification policy, was the debtor -- and would there be 25 notes in the computer reflecting whenever the debtor got</p>
	<p>18 (Pages 69 to 72)</p>

	Page 105	Page 107
1	A Did they change?	1 seen many, many, many different written statements
2	Q Yes.	2 concerning the handling of bad checks.
3	MR. ISRAEL: It's been asked and answered.	3 BY MR. HOMER:
4	A No.	4 Q Well, I assume that you wanted the collectors
5	BY MR. HOMER:	5 to follow the policy; correct?
6	Q They were always the same?	6 A Yes.
7	A They were -- it's always been that way, since	7 Q Why wouldn't you want to put it in writing so
8	I came to work here in 1994.	8 it was clear to them what the policy is regarding --
9	Q So those --	9 A Why wouldn't I? I wouldn't --
10	A Pretty much so, yes.	10 MR. ISRAEL: Stop; stop.
11	Q So those requirements that you mentioned,	11 THE WITNESS: Go ahead.
12	that you've told me about with respect to resubmission of	12 MR. ISRAEL: Assumes facts not in evidence.
13	NSF checks, have always been in place since 1994 at NCO,	13 I think it's argumentative also.
14	from the time you were there in 1994 to the time you left	14 But go ahead and answer.
15	in 2004?	15 A Why wouldn't I want it in writing?
16	A Collector, yeah; right.	16 BY MR. HOMER:
17	Q How were the general collection managers	17 Q Why wouldn't NCO want the policy to be in
18	notified about the policy? How did they become aware of	18 writing so it was clear -- let's assume the policy is not
19	it?	19 writing. And I can tell you that we have interrogatory
20	A How did they become aware of the policy?	20 answers saying that the policy is not in writing.
21	Q Yes. When I refer to policy --	21 Why would NCO not want to put the policy in
22	A Okay.	22 writing so that the collectors would know what to follow
23	Q -- I'm talking about the requirements that	23 and also could be held accountable for it?
24	NCO had for redipping a check. You understand that?	24 A Why wouldn't NCO want it to be in writing; I
25	A Yes.	25 didn't know that NCO didn't want it in writing. I don't
	Page 106	Page 108
1	Q How did general collection managers become	1 think it was an intention on anybody's part. We did
2	aware of the policy?	2 enough discussions concerning training, ongoing weekly
3	A Number one, we had ongoing training with GCMs	3 conference calls. We brought it up all the time. We
4	whenever I would be in the office, okay, weekly conference	4 talked about checks all the time.
5	calls with them concerning procedures, weekly.	5 Q Do you agree with me that if it were in
6	Q Did anybody ever think to put it in writing,	6 writing, nobody could dispute what the policy is, and the
7	that policy? They did all this training --	7 collectors could be held more accountable to the policy?
8	A Did anybody ever think to put it in writing,	8 A Would I agree with you --
9	concerning this policy?	9 MR. ISRAEL: One second.
10	Q You had all these weekly training sessions.	10 Objection; argumentative.
11	Did anybody ever say, hey, why don't we write this down so	11 Go ahead and answer.
12	people can see it in black and white and we can hold them	12 A Would I agree with you?
13	accountable to it?	13 BY MR. HOMER:
14	MR. ISRAEL: Objection; argumentative.	14 Q Yes.
15	A I don't know. Did anybody -- I can't answer.	15 A No.
16	I don't know. I'm sure they did, but --	16 Q You wouldn't have the ability to hold the
17	BY MR. HOMER:	17 collector to the policy, better ability to do it if it
18	Q You're sure --	18 were in writing, rather than just oral?
19	A -- we had enough -- I'm sure they thought	19 MR. ISRAEL: Objection; asked and answered.
20	about it.	20 A Just would I agree? I can't answer that.
21	MR. ISRAEL: Do you even know whether it	21 BY MR. HOMER:
22	was written or not?	22 Q Okay.
23	A I don't know whether -- I'll be honest with	23 A I can't answer that; I don't know.
24	you, I don't know if it was written or not. If I'm not --	24 Q Was there a point in time when checks that
25	I cannot attest to it because I -- over the years, I've	25 had been returned NSF were automatically redipped?

<p style="text-align: right;">Page 109</p> <p>1 A Was there a time when checks were 2 automatically redeposited; correct. 3 Q There was a time? 4 A Correct. 5 Q When was that? 6 A When was that time? 7 Q Yes. 8 A That time was when Horsham took over our 9 accounting functions. 10 Q Who explained that to you? 11 A Who explained that to me; it was explained by 12 Bette Capaldo. 13 Q When did she explain it? 14 A I'm trying to remember. She explained it 15 directly to Phil Weaver, and we provided the information 16 directly to all our GCMs. When we converted to the facts 17 system; I have to say 2003, early 2003. 18 Q When did you first learn about that policy? 19 A When did I first learn about that policy; 20 early 2003. 21 Q When that policy was in effect, there wasn't 22 any verification required at all, right, the checks just 23 got redeposited, the NSF checks? 24 A When that policy was — when that was going 25 on, there was no policy. Is that what you are asking me?</p>	<p style="text-align: right;">Page 111</p> <p>1 BY MR. HOMER: 2 Q Can you tell me what the importance of this 3 redip policy was. Why did you have the policy? 4 A What was the importance of the redip policy; 5 the importance of the redeposit policy was to make certain 6 that we were putting on good solid revenue for our 7 clients; so the collectors would be paid accurately, based 8 on numbers that were good; so that general collection 9 managers who were earning bonuses would be paid correctly; 10 so there was no falsification of records. 11 Q Okay. 12 A So the debtors weren't — you know, debtors 13 are charged for redeposits of nonsufficient funds, checks. 14 Q Can you tell me what a postdated check is? 15 A Can I tell you what a postdated check is; a 16 postdated check is a check that is written for a specific 17 date in the future. It's for an amount of money agreed 18 upon with the debtor. 19 Q Why do you use a postdated check? 20 A Why do we use a postdated check; if, indeed, 21 the debtor says he's going to pay the money and he's not 22 going to have the funds until the 20th of the month, 23 that's fine. I can only explain that to my client, if you 24 are willing to sit down today and write out a check dated 25 for that specific date.</p>
<p style="text-align: right;">Page 110</p> <p>1 There was no — 2 Q Well, I'm saying there wasn't any 3 verification. An NSF check would come in, and then it 4 would be automatically redipped with the bank, without 5 anybody trying to verify if the check was good or calling 6 the debtor or doing anything else to verify the funds? 7 A That's correct. 8 Q Was that fraudulent to do that? 9 A Was it fraudulent to do that? 10 Q Yes. 11 A It's not my place to determine. It was a 12 standard accounting practice in the -- in the retail 13 division. 14 Q So it wasn't fraudulent? 15 A It wasn't fraudulent, not to my knowledge, 16 no. 17 Q Even though when the check was redipped, 18 nobody knew whether it was going to be good or not? 19 MR. ISRAEL: That's been asked and 20 answered.  22 not the same question. 23 MR. ISRAEL: I think it is. 24 But go ahead and answer. 25 A I think it is too but -- no.</p>	<p style="text-align: right;">Page 112</p> <p>1 Q Okay. 2 A I would then fax a copy of that check to my 3 client showing them why we are not proceeding with the 4 collection. 5 Q So let's say on January 1, the debtor tells 6 you they don't have the funds now, but on January 20th, 7 they will, and it will be in the bank. So he gives you a 8 check dated January 20th on January 1. 9 A Right. 10 Q Before that check is submitted, does NCO 11 policy require that anything be done to verify that he 12 actually did make the funds good? 13 A Does NCO policy require that anything be done 14 to verify postdated checks; is that what you are asking? 15 Q Yes. 16 A Or on that particular item? 17 Q Right. 18 A We had a procedure in place that we would 19 start verifying postdated checks usually three to four 20 days before end of month.  22 verifying redipped NSF checks? 23 A Was it the same policy? 24 Q Same procedure. 25 A It was similar, yes, very similar.</p>
	28 (Pages 109 to 112)

## Exhibit H

David McQuisten

Page 1

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

VALERIE HUE, )  
Plaintiff, )  
v. )  
NCO FINANCIAL SYSTEMS, INC., ) Civil Action No.  
a Delaware corporation, ) 05-225-KAJ  
trading as NCO FINANCIAL )  
COMMERCIAL SERVICES, )  
Defendant. )

Telephone Deposition of DAVID MC QUISTEN taken pursuant to notice at the law offices of Parkowski, Guerke & Swayze, P.A., 116 West Water Street, Dover, Delaware, beginning at 2:00 p.m. on Thursday, March 23, 2006, before Robert Wayne Wilcox, Jr., Registered Professional Reporter and Notary Public.

APPEARANCES:

JEREMY W. HOMER, ESQ.  
PARKOWSKI, GUERKE & SWAYZE, P.A.  
116 West Water Street  
Dover, Delaware 19903  
for the Plaintiff,

ELIZABETH K. FITE, ESQ. (via teleconference)  
SESSIONS, FISHMAN & NATHAN, L.L.P.  
15316 North Florida Ave - Suite 100  
Tampa, Florida 33613  
for the Defendant.

ALSO PRESENT: LENNY CICCARONE, NCO

CORBETT & WILCOX  
Registered Professional Reporters  
1400 French Street Wilmington, DE 19801  
(302) 571-0510  
[www.corbettreporting.com](http://www.corbettreporting.com)

## David McQuisten

<p style="text-align: center;">Page 10</p> <p>1 BY MR. HOMER:</p> <p>2 Q. Well, let me back up a minute.</p> <p>3 You said that the check handling policy</p> <p>4 for resubmission of NSF checks required verification</p> <p>5 before the check was resubmitted. Do I have that right?</p> <p>6 A. Yes.</p> <p>7 Q. My next question is: What was the requirement</p> <p>8 for verification? What did you have to do to satisfy the</p> <p>9 verification requirement?</p> <p>10 A. I confirm from the check writer that it's</p> <p>11 good. I confirm from the bank that the funds are</p> <p>12 available.</p> <p>13 Q. Okay. Do you have to do both in order to</p> <p>14 satisfy the verification requirement or do you have to do</p> <p>15 one of those?</p> <p>16 A. Either or.</p> <p>17 Q. Okay. Is it satisfactory to just call the</p> <p>18 debtor and get him to say the check is good, or do you</p> <p>19 have to first try with the bank before you contact the</p> <p>20 debtor?</p> <p>21 A. Well, I contact the debtor first.</p> <p>22 Q. Okay. The verification practice, has this</p> <p>23 also been in effect since you can remember going back to</p> <p>24 2001?</p>	<p style="text-align: center;">Page 12</p> <p>1 requirement?</p> <p>2 A. Correct.</p> <p>3 Q. Do you recall whether there were any forms</p> <p>4 utilized in the Dover office when you were there that</p> <p>5 related to this contact that you had with the debtor to</p> <p>6 verify the funds?</p> <p>7 A. Yes. There were.</p> <p>8 Q. Can you tell me what they were?</p> <p>9 A. It was a form requesting a resubmission of the</p> <p>10 nonsufficient fund check.</p> <p>11 Q. Okay. What kind of information was on the</p> <p>12 form?</p> <p>13 A. Did I verify the funds were available and who</p> <p>14 I verified it with, the bank phone number. And it was</p> <p>15 submitted to management.</p> <p>16 Q. Okay. Management would be the -- who would it</p> <p>17 be?</p> <p>18 A. That could be either one of the two managers</p> <p>19 in the collections department. One of the collection</p> <p>20 managers.</p> <p>21 Q. Okay. In the Dover, Delaware office, who was</p> <p>22 that?</p> <p>23 A. Well, there's several different managers.</p> <p>24 You want them all?</p>
<p style="text-align: center;">Page 11</p> <p>1 A. Yeah. I believe so.</p> <p>2 Q. Okay. Was it in effect in the Dover office in</p> <p>3 the year 2003 when you were there?</p> <p>4 A. Correct.</p> <p>5 Q. Okay. How did you learn about this policy</p> <p>6 that requires verification before you resubmit an NSF</p> <p>7 check for payment?</p> <p>8 A. Morning stand-up meetings.</p> <p>9 Q. Okay. Could you elaborate a little bit on</p> <p>10 that?</p> <p>11 A. In the morning we would have a meeting.</p> <p>12 Q. Who is "we"?</p> <p>13 A. The collectors. The collections department.</p> <p>14 Q. Okay. It was at one of those meetings that</p> <p>15 you learned about the verification policy?</p> <p>16 A. Correct.</p> <p>17 Q. Okay. When you contacted the debtor for</p> <p>18 purposes of verification, was there anything specifically</p> <p>19 he was supposed to tell you in terms of satisfying the</p> <p>20 verification requirement?</p> <p>21 A. Why the call was necessary in the first place,</p> <p>22 why the funds were not there and are they there now.</p> <p>23 Q. Okay. If he told you they were there now,</p> <p>24 then you would have satisfied the verification</p>	<p style="text-align: center;">Page 13</p> <p>1 Q. Well, just the ones you might have given these</p> <p>2 forms to after you contacted the debtor.</p> <p>3 A. Val Hue, Kim Marlow, Eric Shaw. I can't</p> <p>4 remember some of the other names.</p> <p>5 Q. Okay. Do you know what they did with the</p> <p>6 forms after you submitted them?</p> <p>7 A. No, I do not.</p> <p>8 Q. Did you have to request approval for</p> <p>9 resubmitting a check for deposit that was an NSF check?</p> <p>10 A. Correct.</p> <p>11 Q. Was the approval given by one of those</p> <p>12 managers that you just mentioned?</p> <p>13 A. Correct.</p> <p>14 Q. Did they require the form be filled out before</p> <p>15 they would approve it?</p> <p>16 MS. FITE: Object to form.</p> <p>17 THE WITNESS: Do I answer this one?</p> <p>18 MS. FITE: Yes. Go ahead and answer.</p> <p>19 THE WITNESS: You're asking again,</p> <p>20 please. Rephrase that.</p> <p>21 BY MR. HOMER:</p> <p>22 Q. You've indicated you filled out this form,</p> <p>23 that one of the managers would get the form. You've</p> <p>24 indicated that you had to have the manager's approval</p>

## David..McQuisten

Page 46

1 Q. Okay. Were you disciplined more than one  
2 time, if you recall?

3 A. Maybe. I can't remember. I'm sorry.

4 Q. Okay. Mr. McQuisten, can you tell me what  
5 your earnings were from NCO in the year 2003?

6 MS. FITE: Object to form.

7 A. How much I made?

8 Q. Yes. From NCO. Just a ballpark figure. I  
9 know you probably don't remember the exact amount.

10 A. I don't know. \$40,000, 50-. I don't know.

11 30-.

12 Q. You don't have a good recollection, I guess.

13 A. 2003? Not off the top of my head, no.

14 Q. Okay. Do you know what you earned in the year  
15 2005?

16 A. Yeah.

17 Q. How much was that?

18 A. Gosh, that seems like kind of a private and  
19 personal question.

20 Q. Well, I'll assure you that I'm not going to be  
21 telling people about this, but it is a relevant fact in  
22 the case.

23 MS. FITE: I'd like to note in the  
24 record that I have a continuing objection to this line of

Page 48

1 you answered "integrity"? Is that what you said:  
2 Integrity?

3 (The witness provided an unintelligible  
4 response.)

5 THE REPORTER: I'm sorry. I didn't hear  
6 that answer.

7 THE WITNESS: I haven't answered.

8 MR. HOMER: Well, you said something.  
9 We couldn't hear it.

10 MS. FITE: I asked if that was what he  
11 said -- "integrity." And he said yes.

12 THE WITNESS: You want to know what I  
13 meant by that?

14 MS. FITE: Yes.

15 THE WITNESS: I was asked to do  
16 something that I thought was a violation of my integrity.  
17 BY MR. FITE:

18 Q. What was that?

19 A. I was informed -- let's put it this way --  
20 that something was going to happen that I considered a  
21 violation of integrity.

22 Q. I'm asking you what that something was.

23 A. That was to -- well, I informed Ms. Hue, my  
24 manager, that a check had to be pulled. We have to pull

Page 47

1 questioning.

2 MR. HOMER: I understand.

3 A. So you want me to answer the question how much  
4 I made in 2005?

5 Q. Yes.

6 A. 65,000. 64,000, maybe.

7 Q. Okay. My last question, Mr. McQuisten: Have  
8 you ever been convicted of a crime?

9 A. DWI.

10 Q. Anything else?

11 A. Motor vehicle violations.

12 Q. Anything else?

13 A. No. I don't believe so.

14 Q. Any crime that would involve honesty?

15 A. Nope.

16 MR. HOMER: Okay. I don't have any  
17 other questions.

18 BY MS. FITE:

19 Q. Mr. McQuisten, I'm going to ask you just a  
20 couple of questions.

21 Earlier when you were asked whether  
22 Ms. Hue had done anything improper, you answered  
23 "integrity." Then Mr. Homer went back and asked you to  
24 answer it in a yes or no form. What did you mean when

Page 49

1 this check. The money is not available. And I --  
2 because I was called by the writer of the check advising  
3 me that the funds did not come in. Hold that check for  
4 another week. And when I filled out a form to hold the  
5 check, I was told nothing is being held. They're  
6 running. You just have to make it up next month.

7 Q. Ms. Hue told you that nothing is being held?  
8 A. Correct.

9 Q. Your understanding of nothing is being held  
10 means that everything that's on is going to run  
11 regardless of whether or not the funds are verified?

12 A. Well, yeah. Let's -- let me refer to  
13 everything. We're talking one check. I want to pull the  
14 check. The check is not getting pulled. The check is  
15 running.

16 Q. Do you remember her saying that nothing was  
17 being pulled?

18 A. Yeah, yeah. Whether it was the exact word  
19 "nothing" -- but, yeah, that's what it was.

20 Q. Is it your understanding that that is a  
21 violation of NCO's policy?

22 A. Absolutely.

23 Q. Did Ms. Hue ask you at that point whether you  
24 were just trying to sandbag?

## Exhibit I

## NCO FINANCIAL SYSTEMS, INC.

### EMPLOYEE HANDBOOK ACKNOWLEDGMENT

I acknowledge by my signature that I have received the NCO Financial Systems, Inc. Employee Policy Manual.

I also acknowledge that it is my responsibility to read and ask questions if I do not understand, and to observe and follow the policies and procedures in this handbook. I understand that the policies and employee benefit programs stated in this handbook are guidelines only and are subject to change at the sole discretion of NCO and from time to time, I may receive updated information concerning changes in policy and benefits.

I also understand and acknowledge that this handbook is not a contract, express or implied, guaranteeing employment for any specific duration. Likewise I have the right to terminate my employment at any time and the company may terminate my employment at any time, for any reason and with or without cause or notice.

The policies set forth herein are adopted as policy to take effect immediately (except the PTO Policy) and to supersede all policies previously adopted, whether written or verbal.

Name:

Valerie Hu

Social Security: 221-56-1357

Date:

12/14/99

Location: Daleys

Employee's  
Signature

Valerie Hu

Please note this handbook is the property of NCO Financial Systems, Inc. and is required to be returned prior to an employee leaving the company.

001671

## NCO FINANCIAL SYSTEMS, INC.

### EMPLOYEE HANDBOOK ACKNOWLEDGMENT

I acknowledge by my signature that I have received the NCO Financial Systems, Inc. Employee Policy Manual.

I also acknowledge that it is my responsibility to read and ask questions if I do not understand, and to observe and follow the policies and procedures in this handbook. I understand that the policies and employee benefit programs stated in this handbook are guidelines only and are subject to change at the sole discretion of NCO and from time to time, I may receive updated information concerning changes in policy and benefits.

I also understand and acknowledge that this handbook is not a contract, express or implied, guaranteeing employment for any specific duration. Likewise I have the right to terminate my employment at any time and the company may terminate my employment at any time, for any reason and with or without cause or notice.

The policies set forth herein are adopted as policy to take effect immediately (except the PTO Policy) and to supersede all policies previously adopted, whether written or verbal.

Name: Veronica Huie  
Please print  
Date: 4/16/01  
Employee's Signature: Veronica Huie

Social Security: 221-56-1357  
Location: Dover

Please note this handbook is the property of NCO Financial Systems, Inc. and is required to be returned prior to an employee leaving the company.

001684

## Exhibit J

43227351835

MILLIKEN &amp; MICHAELS

654 P22 OCT 11 '21 15:  
F-107 2000 7-24-2000

## Job Discussion Summary

**\* PLEASE PRINT OR TYPE \***

LAST NAME

Savage

FIRST NAME

William

SOCIAL SECURITY NUMBER:

222-32-4088

LOCATION (CITY, STATE)

Dover, Delaware

ACQUISITION NAME

October 11, 2001

Nature of Discussion (check one):

Verbal Warning

Written Warning

Final Warning

 Termination

Topic of Discussion (check one):

Attendance

Performance

 Violation of Co Policy - Harassment & Unprofessional Conduct/Workplace Behavior

Written Summary (use separate sheet if necessary, include dates, times, who, what, when, why, etc.):

Management was recently informed of your offensive and harassing behavior in the workplace relating to sexist remarks, racism, and offensive comments to employees. As a member of NCO Management, you are required to promote a positive work environment, free from discrimination and harassment. NCO policy clearly states that physical violence, threats, intimidation or harassment of another associate including but not limited to racial harassment will result in immediate dismissal. A fact-finding was conducted and found these allegations to be true. There are several witnesses to your unprofessional conduct.

Consistent feedback is that your management style is witnessed as unprofessional conduct to include but not limited to use of offensive language and /or behavior that causes disruption in the work setting. This type of behavior has created an offensive environment that constitutes racial and sexual harassment in the workplace. The behaviors you display question your ability to adequately perform the tasks assigned to you, and will not be tolerated.

Action To Be Taken (results of discussion, follow up, dates of follow up, etc.):

Due to the violation of NCO's EEO and Harassment and Unprofessional Conduct policies, your employment is terminated effective immediately.

Employee Comments:

---



---



---



---



---

Employee Signature (Your signature does not indicate Agreement, only receipt of discussion.)

Manager/Supervisor Signature/Date

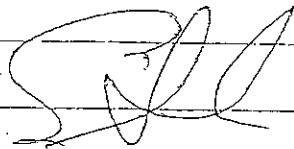
Copy - Human Resources

000183

Employee Job Discussion Summary Form.doc edited 3/00

## Exhibit K

A MONTH OR SO AGO MY MANAGER RIC BOUDREAU  
WAS IN MY OFFICE GOING OVER A FILE WITH  
ME. MR BILL SAVAGE INTERRUPTED OUR MEETING  
BY WALKING IN AND STATING TO MR BOUDREAU  
"WHAT'S THAT NIGGER DOING THERE POINTING TO THE  
SMALL BALANCE COLLECTION DEPARTMENT", AT THAT  
POINT MR SAVAGE AND MR. BOUDREAU LEFT  
MY OFFICE.



ERIC SHAW

10-15-01

000190



# Memo

**To:** Ted Fox  
**From:** Valerie Hue  
**CC:** Ric Boudreau  
**Date:** 10/15/01  
**Re:** Comments of Bill Savage

I have been asked to document comments made to me by Bill Savage. The following are only some of the comments made.

I have been the only African American female large balance collector/manager the Dover branch has had. Over my tenure with Milliken & Michael's/ NCO Financial System, Inc Bill has made numerous comments.

While completing a sit-with, Mr. Savage yells to me to come here. When I reached his location he states, " Tell Her to wake her fat ass up". He was referring to Audrey Williams, apparently she was sleep in her office. 24 hrs later she resigned. I told Mr. Savage he can't say those things and his response was and I quote "fuck her"

At the award ceremony he yells at the receptionist. "Don't you think he is fucking busy." He was referring to a call from Phil Weaver and Ted Fox to Mike Scher.

At the receptionist counter he stated he loved black pussy in context to a conversation to my mixed heritage

I was wearing a tee shirt that has Dollar bills printed on it. He comments "Val walking around with fucking money on her tits"

I was walking around the corner and ran into him. He put his arms around me and said nice tits. I told him to get his hands off of me.

At a large balance meeting he made a comment to one of the collectors to stop being a wet pussy and put their numbers on the board.

There are many other comments that Bill has made over the years. To make a complaint against Mr. Savage would only result in me loosing my job.

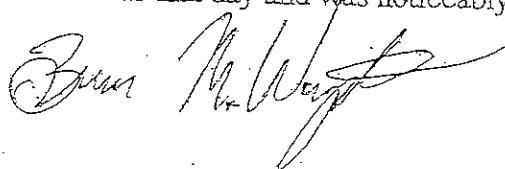
TO: Ted Fox  
From: Ric Boudreau  
RE: Bill Savage

The following is events are for the record:

**Incident 1.** In mid September 2001, I was reviewing a collection account in Eric Shaw's office when Mr. Savage came in. He said to me in a "Matter of Fact" voice, "Do you think that that "N>>" (Audrey Williams) can stay on the phone" and collect some fee? I responded to him that she was on the phone and collecting fee and that his commentary about her lineage was uncalled for. I escorted him out of the collectors office and away from the collection floor.

**Incident 2.** Early in the following week, Mr. Savage came up to me in the hall and asked if I was "casting for a Tarzan movie". My small balance manager Brian Waystack had been interviewing a few African American collectors that day and was noticeably taken back by the comment.

WITNESS TO INCIDENT #2



## Exhibit L

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

VALERIE HUE, )  
Plaintiff, )  
                )  
                )  
v.              ) C.A. No.  
                ) 05-225-KAJ  
NCO FINANCIAL SYSTEMS, INC., a )  
Delaware corporation, trading as )  
NCO FINANCIAL COMMERCIAL SERVICES, )  
Defendant.      )

Telephone deposition of RICHARD BOUDREAU,  
taken before Cheryl A. Anthony, Court Reporter, in the  
law offices of Parkowski, Guerke & Swayze, 116 West  
Water Street, Dover, Delaware, on Tuesday, March 28,  
2006, beginning at 12:05 p.m.

APPEARANCES:

PARKOWSKI, GUERKE & SWAYZE  
BY: JEREMY W. HOMER, ESQUIRE  
116 West Water Street  
Dover, Delaware 19901  
Attorney for Plaintiff.

SESSIONS, FISHMAN & NATHAN  
BY: DAVID ISRAEL, ESQUIRE  
3850 North Causeway Boulevard  
Lakeway Two, Suite 1240  
Metairie, Louisiana 70002-1752  
and ELIZABETH FITE, ESQUIRE  
15316 North Florida Avenue  
Suite 100  
Tampa, Florida 33613  
Attorneys for Defendant.

ALSO PRESENT:

MS. VALERIE HUE

ORIGINAL RETAINED BY JEREMY W. HOMER, ESQUIRE

---

ANTHONY REPORTING  
PO Box 234  
Dover, Delaware 19903  
(302) 674-8884.

1 divided up that responsibility.

2 Q. Do you recall approximately when you first  
3 met Ted Fox or was aware that he worked for NCO?

4 A. The only time I ever ran across Ted was on a  
5 sales collection sales conference that I went to  
6 Metairie on. I understand Ted had been -- and I never  
7 met him once. I understand that he had spent time at  
8 the Dover Branch during the time that I was there. But  
9 I had little or no contact. My understanding was that  
10 he was on some sort of fast tracking deal and kind of  
11 came through the company and moved up the ranks.

12 I had little or no contact with him, because  
13 even when I heard about him down and taking over  
14 responsibilities in Metairie, they said: Oh, he had  
15 been here for a year. Well, it was totally a shock to  
16 me. I really had not known of him whatsoever, other  
17 than meeting him when I went to Metairie for general  
18 managers' meetings. That's when I ran across him.

19 Q. Okay. I think you already said you had  
20 dinner at least once with Valerie Hue. Did you ever  
21 have dinner with Bill Savage?

22 A. The only time I have had dinner with Bill --  
23 Well, I shouldn't say the only time. The times I had  
24 with Bill Savage was when he was recruiting me, and then

1 his wife and my wife went out to dinner at that time. I  
2 have been to his house at New Year's Eve with 25 other  
3 people, that type of a situation.

4                   And often managers would go to  
5 lunch/breakfast meetings with Bill. He would come into  
6 town, you know, on a Saturday morning, and we were  
7 obligated to sort of meet him for breakfast at the Blue  
8 Hen Restaurant. And our morning meetings were held  
9 there. When we would have lunch, they would be over  
10 at, I guess, the Sheraton, that big hotel. I don't  
11 remember the place anymore. But that is where we would  
12 go for lunch, me and three other managers, sales  
13 managers, collection managers, that type of thing. And  
14 we would have business lunches in that scenario.

15                 Q.     Do you recall whether Ted Fox was at any of  
16 those lunches or dinners?

17                 A.     No. I don't recall it. Ted Fox was never  
18 at any of those meetings.

19                 Q.     Okay. Did you ever play golf with Bill  
20 Savage?

21                 A.     The only time I ever go near those -- I know  
22 this is a -- no.

23                 Q.     Okay. How about pool? Did you ever play  
24 pool with him?

1           A.     No, no, never played pool with him. And  
2 then business stuff, as far as I know, Savage would  
3 leave the state and most of the country to go golfing in  
4 some God forsaken place, because it had the name that  
5 the US Open was there. My only opinion about golfing is  
6 the Three Stooges, play golf with your friends type of  
7 thing. And a good golf course is a field, as far as I  
8 am concerned, so no golf.

9           Q.     You sound kind of bitter about golf. Have  
10 you ever had a bad golf experience? You can strike that  
11 question.

12          A.     In my days prior, at Textron, I was  
13 responsible for golf course financing. So the only time  
14 I ever ran across a golf course was because their  
15 clubhouse was in foreclosure or their irrigation system  
16 needed to be ripped out. So I never gained a whole lot  
17 of affinity for golf.

18          Q.     Okay. Do you have any knowledge of whether  
19 or not Mr. Savage and Mr. Fox might have socialized  
20 together outside the office?

21          A.     Because I had no contact and didn't even  
22 know Ted Fox was in Dover during that time that he was  
23 there, I couldn't even begin to tell you that there was  
24 any contact there. And once Ted was gone, he was in

1 because he is just that doggedness. But my  
2 understanding about the whole Valerie thing, you know,  
3 Valerie often commented about how Bill and her were  
4 cousins. You know, they had this relationship that  
5 suggested that, you know, in the South people were  
6 related somehow or another. So their half joke was that  
7 they were cousins.

8 After that, I never perceived anything out  
9 of the ordinary. I never heard anything being said out  
10 of the -- off color. I certainly never, you know, had a  
11 conversation where someone came back and said: He said  
12 this to me and I can't believe it. And I need to cry.  
13 I'm going to report it.

14 I never heard anything like that. There was  
15 nothing ever reported to me about that. I would have  
16 done something about it, as I did with this one.

17 MR. HOMER: Okay. I don't have any other  
18 questions.

19 BY MR. ISRAEL:

20 Q. Rick, this is Dave Israel.

21 A. Yes, sir.

22 Q. Can you hear me okay?

23 A. Yes, I can.

24 Q. Do you remember, after your conversations

1 with Phil Weaver and Ted Fox, what, if anything, they  
2 asked you to do? Let me go back. Remember you were  
3 just describing a conversation with Weaver and Fox  
4 relating to inappropriate comments by Bill Savage?

5 A. Yes.

6 Q. Do you remember what, if anything, they  
7 asked you to do?

8 A. Write it down, start making times and dates  
9 and things of that nature. They wanted to be able to  
10 have it detailed, I mean who was there, who was present,  
11 and could I detail it out?

12 I mean actually, now that you say that, my  
13 recollection was that for like two hours after that, I  
14 spent memo writing and jotting down notes so that I  
15 could keep track of all of this, in the midst of also  
16 trying to run a branch. That is what I was asked to do,  
17 I believe.

18 Q. You are aware that immediately after that  
19 conversation or some short time after that conversation,  
20 Savage was fired?

21 A. Yes. I had left for a week. And when I  
22 came back, lo and behold, it was done. I mean I had  
23 already scheduled a vacation type of thing. And when I  
24 came back, I was informed that that had happened.

1 Q. How long were you in the office from when  
2 your conversation occurred with Savage and Fox until you  
3 left the business? And I'm going to represent --

4 A. Do you mean Weaver and Fox?

5 Q. Yes. I'm sorry. And I'm going to represent  
6 to you that I understand your conversation with them was  
7 during October 2001.

8 MR. HOMER: I will object to that. You  
9 might as well testify for him.

10 THE WITNESS: In April of 2002, I was gone.

11 BY MR. ISRAEL:

12 Q. So a year later?

13 A. Well, four months.

14 Q. Oh, I'm sorry. In April of 2002?

15 A. I left.

16 Q. Did you ever see Ted Fox take any  
17 retaliatory measures of any kind, after Savage was  
18 fired, against Valerie Hue?

19 A. Negative. I never heard from Ted. Again,  
20 other than Phil, I've never had conversation one with  
21 Ted regarding that. Val, as far as I knew, was a  
22 selection that they approved. They liked her. They  
23 thought she was intelligent. She thought she was  
24 assertive. They thought she was cunning. They thought

1                   She was the person that we heard from  
2 regularly. She was the person that even came to Dover a  
3 couple of different times so that we could have our  
4 hands-on conferences. We went to lunch with her so  
5 that, you know, it was a smooth transition from what I  
6 was doing in my scenario to what she wanted, as the new  
7 player, to do with Kathy or I mean with Valerie.

8                   You know, everything was positive and moving  
9 forward so that, you know, I could get in the game plan  
10 and train somebody so that she can move into your  
11 position. And that is what we were doing.

12                 Q.        You made a reference that Valerie Hue  
13 described that she and Bill Savage were cousins.

14                 A.        Yes.

15                 Q.        What was that about?

16                 A.        It would just be that. The reference, I  
17 guess, is to the fact that they are both Southerners,  
18 and they -- you know, you can have blacks and whites in  
19 the same families, because of, you know, just the nature  
20 of the social relationships. And that was sort of half  
21 the giggle, you know, that they would use. You know, we  
22 are not a black and white deal. Well, we are cousins.  
23 That would be the half comments that had been made.

24                   It's not like it was thrown out every time

1 you turned around, but that was -- when asked about any  
2 comments that were made in overtones of a sexual nature,  
3 no, I never heard that.

4 Did I hear of a relationship between Valerie  
5 and Savage? And that is the relationship. That is what  
6 I had heard. That is what Valerie used to use. She  
7 used to say: We are cousins.

8 Q. Got it. Mr. Boudreau --

9 A. Yes, sir.

10 Q. -- did you ever see Mr. Savage treat Ms. Hue  
11 in any inappropriate or discriminatory manner?

12 A. Say again?

13 Q. Did you ever see Mr. Savage treat Ms. Hue in  
14 an inappropriate or a discriminatory manner?

15 A. Negative.

16 Q. If I understood your testimony, Hue never  
17 complained to you that Savage treated her badly or in a  
18 discriminatory manner?

19 A. Right, right.

20 MR. HOMER: He didn't say that. If you want  
21 to ask all of these leading questions, feel free.

22 BY MR. ISRAEL:

23 Q. Did Ms. Hue ever complain to you about  
24 anybody discriminating against her when you worked with

1 her?

2 A. No, no. Valerie would never have let  
3 anybody do that.

4 Q. What do you mean by that?

5 A. Valerie, as I indicated earlier, is an  
6 intelligent, smart, assertive personality. That is what  
7 her strengths as a manager were.. That is what her  
8 strengths is a collector were. And to suggest that  
9 somebody on a personal nature would make a comment that  
10 Valerie would not turn around and not only defend  
11 herself, but rightly put that person in their place, you  
12 know, simply suggests that no one is going to try to do  
13 that.

14 And they would have to run some mayungo up  
15 to a big dog and try to smack it in the face, because  
16 you will like get your arm ripped off.

17 Valerie has the kind of personality that you  
18 treated that woman with respect and she wouldn't take  
19 anything but respect. And that is the strength that I  
20 saw. I knew a woman walking into an all collector, all  
21 majority male collector scenario, she was a tough woman  
22 to work with. And she would command her respect, and  
23 that's the way it would go. That is why she was a  
24 perfect selection candidate.

1           Q.     When you worked with Ms. Hue, did you ever  
2 discuss with her or train her relating to check  
3 validation procedures?

4           A.     Yes.

5           Q.     Were you permitted to run NSF checks or  
6 redep them without validating them?

7           A.     No.

8           Q.     Why not?

9           A.     For many reasons; first off, it is policy.  
10          The second reason is that we are trained not to hang  
11 paper. The branches are unable to make projections  
12 based on numbers going up, going down. And clients are  
13 not being paid in those same scenarios. So we would  
14 have client relations we were concerned about,  
15 bookkeeping concerns we were concerned about, and paying  
16 collectors for monies that they are not entitled to. So  
17 dropping checks without validation is just a foolish  
18 move. It is in our training sessions. It was in our  
19 action plans as managers to monitor those things.

20          Q.     Did you ever train Valerie Hue to violate  
21 those policies?

22          A.     Negative.

23          Q.     Did you see anyone train Valerie Hue to  
24 violate those policies?

## Exhibit M

Tex Fox

Page 1

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

VALERIE HUE, )  
                  )  
Plaintiff,     )  
                  )  
v.              )  
                  ) Civil Action No.  
NCO FINANCIAL SYSTEMS, INC.,   ) 05-225-KAJ  
a Delaware corporation,        )  
trading as NCO FINANCIAL      )  
COMMERCIAL SERVICES,         )  
                  )  
Defendant.      )

Telephone Deposition of TEX FOX taken  
pursuant to notice at the law offices of Parkowski,  
Guerke & Swayze, P.A., 116 West Water Street, Dover,  
Delaware, beginning at 2:30 p.m. on Monday, March 13,  
2006, before Robert Wayne Wilcox, Jr., Registered  
Professional Reporter and Notary Public.

APPEARANCES:

JEREMY W. HOMER, ESQ.  
PARKOWSKI, GUERKE & SWAYZE, P.A.  
116 West Water Street  
Dover, Delaware 19903  
for the Plaintiff,

CORBETT & WILCOX  
Registered Professional Reporters  
1400 French Street   Wilmington, DE 19801  
(302) 571-0510  
[www.corbettreporting.com](http://www.corbettreporting.com)

Corbett & Wilcox

## Tex Fox

<p style="text-align: right;">Page 10</p> <p>1 A. Michael Barrist.      2 Q. B-a-r-i-s-t?      3 A. B-a-r-i-s-t, correct.      4 Q. Okay. When you became the head of the      5 commercial division in December 2003 -- or the vice      6 president of the commercial division, what was your title      7 at that time? Or did you already tell me? I don't think      8 you did.      9 A. I was a senior vice president of sales. The      10 day they promoted me they made me the senior vice      11 president of the commercial division.</p> <p>12 Q. Okay. How many people worked under you at      13 that time?</p> <p>14 A. When I took over the division, I believe we      15 had 605 or 600 -- somewhere in that neighborhood. We're      16 forever changing the size of our staff.</p> <p>17 Q. Okay.</p> <p>18 A. Currently, it's 600.</p> <p>19 Q. Can you tell me approximately how many      20 employees there were company-wide at that time?</p> <p>21 MR. ISRAEL: You're asking for NCO      22 Financial?</p> <p>23 MR. HOMER: Yes. The entity that's the      24 defendant in this case.</p>	<p style="text-align: right;">Page 12</p> <p>1 who reported directly to me was the branch managers and      2 the vice president of operations.      3 Q. Okay. But you had responsibilities for both      4 sales and collections at that point?</p> <p>5 A. Correct.      6 Q. Okay. That was when you had 600 people under      7 you approximately?</p> <p>8 A. Correct.      9 Q. Okay. Did your responsibilities when you      10 became senior vice president of commercial division      11 include responsibilities related to human resource      12 issues? I'm going to refer to human resource hereafter      13 as HR.</p> <p>14 A. I would have to say I didn't have      15 responsibility for HR mainly because we have an HR      16 department, but what I did have responsibility to was      17 that if something was deemed to be in violation of any      18 type of company policy, rules or laws that I would have      19 the HR department -- notify the involvement of those.      20 So, basically, I would be reporting to our HR department.</p> <p>21 Q. Okay. The HR department served more that just      22 the commercial division. Would that be correct?</p> <p>23 A. That would be correct.      24 Q. What other components of NCO did the HR</p>
<p style="text-align: right;">Page 11</p> <p>1 A. I would really be speculating, Jerry. I think      2 the company at that time had 15,000 employees.      3 Q. Okay. What were your responsibilities as the      4 senior vice president of sales?</p> <p>5 A. My responsibilities were to manage the      6 complete operations of our sales departments, manage      7 their success, their budgets, their hirings, their      8 firings. Anything that was related to sales fell under      9 my control there, which meant every branch manager      10 reported directly to me.</p> <p>11 Q. Okay. Did you have any supervisory      12 responsibility over the commercial collection division      13 while you were senior vice president of sales?</p> <p>14 A. None.</p> <p>15 Q. What were your responsibilities once you      16 became a senior vice president of the commercial      17 division?</p> <p>18 A. What rolled up under me when I became a head      19 of the division was the operation side of the business      20 which was controlled by the vice president of operations      21 at the time, which was Kathy Obenshain.</p> <p>22 Q. Okay. Did you have the sales and the      23 collection divisions under you at that time?</p> <p>24 A. Yeah. I had the branch managers. Basically</p>	<p style="text-align: right;">Page 13</p> <p>1 department serve other than the collection division?      2 A. HR --      3 MR. ISRAEL: You mean other than the      4 commercial division?</p> <p>5 MR. HOMER: Yeah. Other than the      6 commercial division.</p> <p>7 THE WITNESS: You have the consumer      8 division. You have the portfolio management division.      9 You got the E-Payment division. The have the PAC credit      10 reporting division. You would have --</p> <p>11 MR. HOMER: You might want to slow down      12 a little bit because the court reporter has to try to get      13 all this down.</p> <p>14 THE WITNESS: I apologize.</p> <p>15 BY MR. HOMER:</p> <p>16 Q. Did you say PAC?</p> <p>17 A. PAC is -- basically, it's outside of the      18 collections. They resell credit bureaus.</p> <p>19 Q. Okay.</p> <p>20 A. It's a type of mortgage lender.</p> <p>21 Q. Now, are all these different entities part of      22 NCO Financial Systems, Inc., or are they part of some      23 other entity?</p> <p>24 A. They all make up what is known as NCO Group.</p>

4 (Pages 10 to 13)

## Tex FOX

	Page 14	Page 16
1	Q. Okay.	1 Q. When you went to work in the Dover branch, I
2	A. E-Payments is outside of NCO Financial	2 think you said you did that for about three and a half
3	Systems, Inc.	3 months. Is that right?
4	Q. You need to speak up.	4 A. Yeah. It was three and a half -- a little
5	A. I'm sorry. I was just clarifying that	5 over -- maybe a couple days over three and a half
6	E-Payments is part of NCO Financial Systems. It's part	6 months.
7	of NCO Group. And Portfolio Management is not part of	7 Q. Okay. Who did you report to when you worked
8	Financial Systems. It's part of NCO Group.	8 there?
9	Q. All these entities are serviced by the same HR	9 A. I reported to Lou Molitiere.
10	department. Is that true?	10 Q. Did he work --
11	A. True.	11 A. I'm sorry. I reported to Lou Molitiere, but
12	Q. Okay. Would the employees in these different	12 when I was in Dover, my first direct manager on a daily
13	entities share a 401 (k) plan, have the same benefits and	13 basis was Mike Gibson.
14	so forth, or are all there distinctions among the	14 Q. Okay. Who ran the office? Who was the branch
15	different entities for those types of programs?	15 manager at that time?
16	A. Again, Jerry, I think I'd be speculating if I	16 A. The branch manager was Bill Savage.
17	told you I knew exactly what benefits were offered to	17 Q. Okay. Other than that three-and-a-half-month
18	each division. I do know in commercial every employee is	18 period that you worked at the Dover office, was there any
19	offered the same package of what benefits are available	19 other time where you and Bill Savage were located in the
20	to them. I really truly don't know -- I believe that	20 same geographical location?
21	it's the same package for all the other divisions, but I	21 A. No.
22	can't really tell you that for sure.	22 Q. Okay. Can you describe for me what types of
23	Q. Okay. You know who Bill Savage is. Correct?	23 things you interacted with Bill Savage on at the time
24	A. I do know who Bill Savage is.	24 that you worked in the Dover office?
	Page 15	Page 17
1	Q. When did you first become acquainted with him, assuming you did become acquainted with him?	1 A. I interacted with Bill on coordination of some
2	A. I was hired by Lou Molitiere, who was at the	2 expense reports I had, in coordination with following
3	time the person who was heading up the sales and	3 my -- I'll call it a contract I had with Lou Molitiere
4	marketing for Milliken & Michaels. When Lou --	4 that at the end of three months I was to move from the
5	MR. ISRAEL: Go slow.	5 primary department to the CFD department.
6	THE WITNESS: I'm sorry.	6 Q. To the what department?
7	When Lou hired me to work for the	7 A. The CFD department. It was essentially their
8	organization as an executive recruit, I was living in the	8 customer service department.
9	Northern Virginia area. And they decided they did not	9 Q. Okay.
10	want me to do my training down in Louisiana. It would	10 A. That was my interaction with Bill.
11	make more sense to do it in the closest geographic	11 Q. Okay. How many people were in the Dover
12	branch, which was Dover.	12 office? How many employees did they have during that
13	So the first time that I ever met Bill	13 time you were there?
14	Savage was after I was offered the job. Lou had asked me	14 A. At that time? Fifty.
15	to take a ride over to Dover to meet Bill Savage, to take	15 Q. Okay. Would you see Bill Savage every day
16	a look at the branch and see if that was something I'd be	16 that you went to work? I realize there were days that
17	comfortable to do. So that was back somewhere in the	17 you may have been on vacation or he may have been sick.
18	fall of 1997.	18 But in the normal course of things, if you were both
19	BY MR. HOMER:	19 working, would you normally see each other every day?
20	Q. Okay. Is Molitor spelled M-o-l-i-t-o-r?	20 A. Yes. It was Bill's practice to walk the
21	A. I don't recall.	21 floor. Any day he was in the branch, he would walk not
22	Q. Okay.	22 only the sales floor but the collection floor to make his
23	A. I would have to take a guess at it.	23 presence known.
24		24 Q. Okay. Incidentally, I forgot to tell you

## Tex Fox

Page 18

1 this, but just I want to put on the record: You  
 2 understand that even though we're doing this by telephone  
 3 it doesn't change the fact that you really can't talk to  
 4 the attorney during any kind of sidebar conversations  
 5 with your attorney or get other communication from him by  
 6 way of written notes or gestures or anything like that?

7 A. I understand.

8 Q. Okay. Was Mr. Savage involved in any way in  
 9 you receiving any promotion?

10 A. No. My contract was written very specific  
 11 that I was to move from primary to CFD on the first day  
 12 of the fourth month. It was written that I was supposed  
 13 to move on the first day of the seventh month into  
 14 management. We never got that far into the deal because  
 15 they had terminated their relationship with the branch  
 16 manager of the credit services division down here in  
 17 Metairie, Louisiana.

18 Q. Okay.

19 A. And Lou Molitiere and Tray Cefalu were the  
 20 only ones involved in that promotion.

21 Q. Okay. Can we get a spelling for that name you  
 22 just gave as Tray --

23 A. C-e-f-a-l-u.

24 Q. Was Mr. Savage ever involved in instructing

Page 20

1 Q. Okay. Did you at any time socialize with  
 2 Mr. Savage outside the office?  
 3 A. You know, I've been thinking about this for a  
 4 while because, obviously, we're going back several years.  
 5 Bill is an avid golfer. And I am trying to recall -- and  
 6 I can't recall if I ever did golf with him one time. I  
 7 know that he had invited me on several occasions. And if  
 8 I had, it would have been one time, mainly because my  
 9 free time -- I did still live in Virginia when I had the  
 10 Dover office. I did not stay in Dover on any weekends.  
 11 So I really -- Jerry, I can't recall. And if I had, it  
 12 would have been one time. And it would have been with  
 13 other people from that office.

14 Q. Would this jar your recollection? Did you  
 15 ever make a trip to Hilton Head to golf where Savage was  
 16 present?

17 A. No. Never.

18 Q. Okay. To get back to the question I asked  
 19 before, you mentioned the possibility that you golfed  
 20 with him. Were there any other times that you socialized  
 21 with Bill Savage outside the office? For example, did  
 22 you go out to dinner with him or engage in any other  
 23 contact with him outside the office?

24 A. When he was the Boone manager, I did often do

Page 19

1 you as to how to do your job?

2 A. All of my sales and management meetings were  
 3 held by Mike Gibson. The only involvement I had with  
 4 Bill Savage was whenever he would hold a branch meeting  
 5 or an awards meeting. I would -- if I had to explain it,  
 6 it was more or less a secret that I was an executive  
 7 recruit in the branch. So anytime that I needed to get  
 8 something from corporate, which is where Lou and Tray  
 9 Cefalu were located, I would have to do that through Bill  
 10 Savage. So there was an occasion where I would have to  
 11 go to his office and have him call Lou or get something  
 12 to Lou or to Tray for me during that three-month period.  
 13 And that goes back to the expense reports, my corporate  
 14 housing. I had a lot of questions, especially in the  
 15 early months when they were putting that together.

16 Q. Okay. Were you ever involved in any way in  
 17 Mr. Savage receiving a promotion?

18 A. For as long as I knew Bill, he was a branch  
 19 manager. Never anything more. We did move him from  
 20 Dover to the Boone location. And then when we reduced  
 21 the size of the Boone location, we moved him back to  
 22 Dover.

23 Q. Okay.

24 A. But he never got a promotion. He got moved.

Page 21

1 branch visits. When I do a branch visit, I take the  
 2 managers out to dinner. I did have dinner with him and  
 3 Cliff Scales back when -- this was one visit prior to us  
 4 reducing the branch. So, again, this was back somewhere  
 5 in the late 1990s.

6 Q. Okay. Anything other than the dinner where  
 7 you would have had contact with Bill Savage outside the  
 8 office? I understand there's a possibility that you  
 9 golfed with him at least one time.

10 A. No.

11 Q. Okay. Did you consider Bill Savage a friend  
 12 of yours while you worked with him at NCO?

13 A. No.

14 Q. Okay. Have you had any contact with him since  
 15 he left NCO?

16 A. I think I talked to him one time, and it was a  
 17 business-related issue about a crossover of clients.

18 Q. Okay.

19 A. And that was one time and one time only.

20 Q. Okay. Did you know Valerie Hue before  
 21 December '03?

22 A. Yeah. Valerie -- she, I believe, at the time  
 23 I was in Dover was a collector.

24 Q. Okay.

6 (Pages 18 to 21)

## Tex Fox

Page 22

1 A. I met Valerie when I first came to the Dover  
 2 office. Maybe not right away, because I was on the sales  
 3 side. But, yeah, I knew Valerie.

4 Q. Okay. After you left the Dover office, did  
 5 you retain any contact with her in connection with your  
 6 job?

7 A. The time that I would see Valerie would be  
 8 when I did a Dover branch visit. I do recall seeing  
 9 Valerie when we were doing CRS straining where Valerie  
 10 and a couple others came down here to Metairie. Really  
 11 that's most of -- all of the involvement I've ever had  
 12 with Valerie after I left Dover.

13 Q. Okay. So it would be fair to say that you had  
 14 very infrequent contact with her after you left the Dover  
 15 office?

16 A. Yeah. That would be very fair to say.

17 Q. Okay. Were you involved in any way in the  
 18 termination of employment of Bill Savage at NCO?

19 A. I was his direct manager, and I was involved  
 20 in firing Bill Savage, correct.

21 Q. Okay. Could you describe for me the process  
 22 that was used to terminate Bill Savage?

23 A. I'm going to do this from recollection, Jerry.  
 24 If I recall, we received a call, "we" being Phil Weaver,

Page 24

1 based on what we learned, our HR department, Phil Weaver  
 2 and myself all agreed that that was the only thing to do.  
 3 So it wasn't a one person -- it was a such an obvious  
 4 thing that he needed to go.

5 Q. Okay. So HR was involved in the decision as  
 6 well as you and Phil Weaver?

7 A. HR is involved in every termination.

8 Q. Okay. What was the extent of their  
 9 involvement? Can you describe what they did in  
 10 connection with it?

11 A. Again, I'm going to go from memory. I believe  
 12 they received the information that we gathered. I want  
 13 to say we did suspend Bill. We did -- I believe it  
 14 was -- I want to say it was Cherie Sugg over the phone.  
 15 And that was it. You know, they keep the documentation.  
 16 And I truly don't know what they do on their end with  
 17 that.

18 Q. Okay. Was there any attorney involved in it,  
 19 do you remember?

20 A. No. Truthfully, I remember us calling Bill,  
 21 saying, Bill, you said this. You did this. And he said  
 22 yeah, I did. We said, okay, you're done.

23 Q. Okay. Would it be fair to say that, given  
 24 what Bill Savage did, NCO had some concern about the

Page 23

1 who was then -- was then senior vice president and  
 2 general manager of the commercial division. We received  
 3 a call from the then general collection manager, Rick  
 4 Boudreau, about what Bill had been saying in -- or had  
 5 done to Val -- said or done to Valerie, if I call. We  
 6 then got a statement from Valerie learning what things  
 7 offensive that were said and done. There was no  
 8 hesitation. The only consideration was to terminate his  
 9 employment with our organization.

10 Q. Okay. You mentioned a phone conversation with  
 11 Boudreau. Were you on that conversation, and was Phil  
 12 Weaver on the conversation and Boudreau? Were those the  
 13 three that were on the conversation?

14 A. I recall that the conversation was in my  
 15 office on a speakerphone with Phil Weaver in my office.  
 16 And I believe Boudreau in his office in Dover.

17 Q. Okay. Have you seen a transcript of that  
 18 phone conversation?

19 A. I saw -- yeah, I have. Yes.

20 Q. Okay. Who was the decision-maker regarding  
 21 the termination of Bill Savage?

22 A. The decision-making -- I mean, it really was  
 23 a -- it was a no-brainer. I mean, you know, we have  
 24 specific things that you can do or you can't do. And

Page 25

1 legality of the situation and its possible liability if  
 2 it didn't fire him?

3 A. I can't speak for -- yeah. Absolutely. I  
 4 mean --

5 Q. Okay.

6 A. -- it was offensive.

7 It was offensive on every level.

8 Q. Okay. Your position when Bill Savage was  
 9 fired was vice president of sales in the collection  
 10 division?

11 A. At the time I was called senior vice president  
 12 of sales.

13 Q. Okay. Bill Savage was the branch manager and  
 14 reported to you at that time. Correct?

15 A. Yes. He was.

16 Q. Okay. I'd like to refer to that transcript  
 17 that we just talked about. I don't know if you got a  
 18 copy of it there or not.

19 MR. ISRAEL: Hold on a second.

20 MR. HOMER: It was Weaver Exhibit 1.

21 MR. ISRAEL: I have it.

22 BY MR. HOMER:

23 Q. Okay. If you turn to page 17 --

24 MR. ISRAEL: Hold on one moment.

## Tex FOX

Page 38

1 unaware of the situation going on for about a month.  
 2 Kathy was -- Kathy -- when I refer to Kathy, I'm talking  
 3 about Kathy Obenshain.

4 Q. Yes.

5 A. Kathy was dealing directly with Dina Loft  
 6 investigating the files, really looking at -- this was  
 7 across the board -- all branches. It really came out in  
 8 that first month -- and, of course, this is hindsight now  
 9 that I'm telling you this -- because Kathy was dealing  
 10 with Dina and discovered that there was an issue in our  
 11 Dover office. I -- and Kathy brought that to my  
 12 attention. Because she was the vice president of  
 13 operations, all collectors fell under her. Kathy went to  
 14 do basically -- you know, she was the one that would  
 15 promote or not promote a general collection manager. I  
 16 know Kathy got along with Valerie very well. I really  
 17 think in the early days of this Kathy was looking for  
 18 some reason this was happening other than what we  
 19 discovered in the end.

20 Q. Okay. When did you first learn about there  
 21 being an audit done by the Horsham office?

22 A. I'm trying to remember. It was really right  
 23 after I was promoted. It was --

24 Q. Okay.

Page 40

1 you just saying it made sense to do the audit?

2 A. No. I'm telling you why they did the audit.  
 3 Q. Okay.

4 A. Our organization, as a company, was complying  
 5 with laws and regulations that were out there. One of  
 6 those -- and mainly because we do work for very large  
 7 banks, like Bank One, Bank of America, Capital One. They  
 8 require us to do certain things.

9 Q. Okay.

10 A. And we were already doing this practice on the  
 11 consumer side.

12 Q. When did you first learn that there was a  
 13 problem as a result of the audit? In other words, when  
 14 did you first find out that the audit had disclosed  
 15 information that signaled there was a problem?

16 A. I want to say that early part or mid part of  
 17 January '04.

18 Q. Okay. How did you find it out?

19 A. I believe -- my recollection -- I got a phone  
 20 call from Dina Loft. And I don't know if I called Kathy  
 21 into my office or I hung up the phone and then got with  
 22 Kathy. But it was somewhere in that method.

23 Q. Okay. What did you do once you found out  
 24 about it?

Page 39

1 A. It was in January of '04, I know that. But I  
 2 can't -- I don't know if it was the beginning or the  
 3 middle of the month.

4 Q. Okay. Do you know why the audit was being  
 5 done?

6 A. Yeah. Because when you have something that  
 7 is, in my opinion, so against the rules, you're  
 8 absolutely going to do an audit. You're going to find  
 9 out if that stuff is true for a lot of reasons. This is  
 10 a manager we're talking about.

11 Q. Well, did they know that something was wrong  
 12 before they did the audit, or was this just a routine  
 13 audit?

14 A. It was a routine audit. They didn't know what  
 15 was being done.

16 Q. So the purpose of the audit wasn't to find  
 17 anything specific. It was just a routine audit.

18 My question was: Why was the audit  
 19 done, if you know?

20 A. If you go back in time and look at what  
 21 was happening out in the world, you had things like Enron.  
 22 You had things like Tyco happening.

23 Q. Are you trying to guess what the reason for it  
 24 was? Do you actually know why they did the audit or are

Page 41

1 A. Well, I gave it to Kathy and said, "Kathy,  
 2 this is your general collection manager. Research it.  
 3 Once you find out what you find out, get back with me."

4 Q. Okay. Did you give her any specific  
 5 instruction on what she should do?

6 A. No.

7 Q. Did you determine at that time you needed to  
 8 be personally involved in the investigation?

9 A. At that time, no.

10 Q. Okay. Did you talk to Mike Scher about the  
 11 situation when you found out about the problem from Dina  
 12 Loft?

13 A. Jerry, I don't recall when I brought Mike in  
 14 the loop. I might have done it right then. Or I would  
 15 have done it when we made the decision about the general  
 16 collection manager in that office. And she was at the  
 17 time the branch manager who was going to affect him.

18 Q. Okay. What involvement did you have in the  
 19 investigation?

20 A. From recollection, I did several telephone  
 21 interviews with several of the collectors -- ones that I  
 22 knew when I spent time in Dover.

23 Q. How long was it you started doing that after  
 24 you told Kathy Obenshain to investigate it?

## Tex Fox

Page 42	Page 44
<p>1 A. A couple days. I don't know. I really don't 2 know, Jerry.</p> <p>3 Q. Okay. What prompted you to get personally 4 involved? You said you turned it over to Kathy. Why did 5 you decide you needed to be involved in it?</p> <p>6 A. If I recall correctly, HR was involved as 7 well. This was the determination -- that I would do some 8 of the interviews. Kathy and Dina were working very hard 9 on the files. And HR, I want to recall, asked me to do 10 that.</p> <p>11 Q. Okay. Do you recall what HR's involvement was 12 in the investigation?</p> <p>13 A. I know HR was talking to our executive team. 14 They were relying on our interviews and what Kathy was 15 finding out on the files as far as documentation. They 16 were more an ear. And they helped to implement the 17 decision.</p> <p>18 Q. When you say "HR," do you recall who it was in 19 HR that asked you to get involved in it?</p> <p>20 A. I want to say it was Cherie Sugg.</p> <p>21 Q. You're not sure?</p> <p>22 A. I'm about 99 percent positive that it was 23 Cherie.</p> <p>24 Q. Okay. Did she have the authority to tell you</p>	<p>1 A. It wouldn't be a document. I mean, the only 2 document would be a print screen. It would be a copy of 3 what she was working with Dina on.</p> <p>4 Q. Do you recall if you saw a report that listed 5 various NSF checks and collectors and indicated problems 6 in it with each check? Did you see anything like that?</p> <p>7 A. Not that that -- no.</p> <p>8 Q. Did you see an end-of-the-month NSF report? 9 By "NSF," I'm sure you know what I mean --</p> <p>10 A. Right.</p> <p>11 Q. -- the not sufficient fund report check.</p> <p>12 A. Kathy had all of that. I didn't have it.</p> <p>13 Q. So when you started the investigation, you 14 hadn't seen those documents. Is that right?</p> <p>15 A. My role was -- you've got to remember. This 16 is about two weeks after I had taken over the division. 17 I'm really getting introduced to the collections side, 18 because I had no involvement on the collections side. 19 Kathy, as the vice president of operations, who also 20 worked on the collections side her whole career -- I was 21 very reliant on her professionalism of what was to 22 transpire on the collections side. I truly did think 23 those interviews with the collectors were very reliant on 24 what Kathy gained with what she did on her side and</p>
Page 43	Page 45
<p>1 to get involved in an investigation?</p> <p>2 A. Yes.</p> <p>3 Q. Okay. Do you recall what documents you had at 4 the time that you started doing the investigation that 5 you personally held regarding this matter?</p> <p>6 A. The only document that was created for this 7 matter would be what Dina was working off of. And I know 8 we had something from her. But our system is really the 9 place where we look for all our information. If 10 something happened on the file, it would be noted there.</p> <p>11 Q. Yeah. I'm really not asking about the 12 documentation that she found. I'm just wondering what it 13 was that you got when you started your investigation.</p> <p>14 Did you have a list of problems? Did 15 you have just an oral understanding of what was going on 16 or did you actually look at some documents before you 17 started interviewing people?</p> <p>18 A. I looked at everything Kathy brought to me, 19 and at that time that was file reviews. Kathy was 20 really -- I really believed Kathy was looking to find 21 that there was nothing wrong there.</p> <p>22 Q. Okay. I don't want to get too sidetracked. 23 Do you recall what documents she brought 24 to you?</p>	<p>1 really respect the decision she came to and actually 2 implemented the termination of Valerie.</p> <p>3 Q. Okay. I have seen in this case various 4 witness statements, and a number of them indicate they 5 talked to you. Do you recall how you selected who you 6 were going to interview regarding this matter?</p> <p>7 A. If I do any type of investigation in an 8 office, I'm going to look at the most senior people 9 there, the ones that I believe are the most trusted 10 people, ones that don't have any type of history of 11 showing me that they're not an honest individual. So I 12 went to, in that office, particular people like Mark 13 Lefevre and Dave McQuisten, Kim Marlow, Eric Shaw. I 14 mean, I went to the people I saw would give me the most 15 accurate type of information. I also sampled across the 16 board several different people so that -- and I knew that 17 they weren't connected in any way so that I could -- and 18 what came out of this was a clear straight same thing.</p> <p>19 Q. So --</p> <p>20 A. So it was the same thing.</p> <p>21 Q. So this was sort of a judgment that you used? 22 You just didn't go out and interview all the large 23 balance collectors?</p> <p>24 A. I think I interviewed three of them. I can't</p>

## Tex FOX

Page 46	Page 48
<p>1 recall, Jerry, how many we had in the office at the time.      2 Q. When you interviewed them, do you recall what      3 you asked them?      4 A. I'm certain -- I don't recall exactly how I      5 phrased it, but I'm certain I asked them what was their      6 interpretation of redipping, what's the DCI policy in the      7 Dover branch.      8 Q. What's the DCI policy?      9 A. Direct checks.      10 Q. Right.      11 You're aware that the case involves the      12 resubmission of NSF checks. Correct?      13 A. Correct.      14 Q. By "resubmission," I mean resubmission to the      15 bank for payment after a check was initially returned as      16 not having insufficient funds. Correct?      17 A. I'm sorry. Can you -- the last part you went      18 out on the phone.      19 Q. Okay. As I understand it, the check handling      20 policy that is involved in this case has to do with      21 redipping NSF checks. Well, let me try it from another      22 tact here.      23 A. Okay.      24 Q. When you did these interviews, did you ask</p>	<p>1 Q. Well, did you think that everything they told      2 you would be in the statement when you didn't take notes?      3 A. I didn't know what was going to be in the      4 statement. It was going to be what they wanted to tell      5 me. Don't forget. At that time if I asked a question,      6 their statement could have been, no, she didn't.      7 Q. Okay. Well, some of the statements I looked      8 at are really short. You say you didn't keep notes      9 because you were going to get a statement.      10 Am I to believe that these statements      11 contained everything that was said in the conversation      12 that you had with the collectors?      13 A. No. I really believe that the heavy weight      14 came from what Kathy was doing. Kathy's recommendation      15 and Kathy's investigation to the files, to the checks,      16 that's truly what pushed it over the edge to really go      17 the way we went.      18 Q. So you didn't think the statements had much      19 importance regarding -- relatively didn't have much      20 importance to the termination decision?      21 A. The statements for me showed that there was      22 multiple people saying the same thing -- that -- in my      23 opinion, there wasn't a way that that many people would      24 be blind, if that's the right word for it. But</p>
Page 47	Page 49
<p>1 what Valerie Hue had instructed them to do regarding the      2 implementation of check handling policies?      3 A. I might have phrased it that way. I do not      4 recall my exact words.      5 Q. Okay. Who was present when you were having      6 these interviews?      7 A. I apologize, Jerry. I don't recall if I had      8 HR on the phone or not. I think it was as simple as I      9 called them. I asked them the question. I asked them to      10 submit a statement about what they knew.      11 Q. Okay.      12 A. And once I received those statements, they      13 went to HR.      14 Q. Was Kathy Obenshain present during some of the      15 conversations?      16 A. I don't recall. I believe she was.      17 Q. Can you tell me what notes were kept that you      18 made about the conversations?      19 A. No reason for notes.      20 Q. You didn't make any notes of the conversations      21 at all?      22 A. No. Because I was requesting them to give me      23 a statement. That was going to be the documentation of      24 the call.</p>	<p>1 that's -- those are just statements and opinions of those      2 people. What I really had to rely on, again, was what      3 Kathy had been investigating on the files. Because if      4 it's not documented, it didn't happen. And that's      5 where -- with the amount of checks that she had, that's      6 where the information came where Kathy had to have come      7 to -- the only decision Kathy could come to was we could      8 not keep Valerie as a general collection manager in      9 Dover.      10 Q. What did you tell the collectors who gave you      11 written statements they should do in terms of writing the      12 statements?      13 A. I didn't tell them anything.      14 Q. Well, how did they know what to put in the      15 statement?      16 A. There are certain -- I mean, when I say I      17 didn't tell them anything, I didn't direct them what to      18 put in there. I asked them a question. Give me your      19 opinion of it. And that's what they did.      20 Q. Okay. Well, when you told them to give you a      21 written statement, did you give them any direction at all      22 about what the scope of the statement should be?      23 A. I don't recall. I mean, if I say something to      24 a collector like, "Can you please give me your</p>

## Tex FOX

Page 50

1 interpretation of the NSF policy for your branch?" they  
 2 would write what their interpretation of the NSF policy  
 3 for their branch is. If I say to a collector, "Tell me  
 4 what your general collection manager teaches you about  
 5 NSF check policies for your branch" -- write it down.  
 6 And, then, that's what I got. Everyone in that branch  
 7 knew there was an issue or a problem because at the same  
 8 time we had a collector, I believe, by the name of Matt  
 9 Lane that was having his own issue with what he was doing  
 10 with a file and was being terminated for that.

11 Q. What did you understand the purpose of the  
 12 statements was -- the written statements? Did you  
 13 understand that they were going to be used to help  
 14 justify the termination of Valerie Hue?

15 A. I guess.

16 Q. Okay. When you interviewed these witnesses,  
 17 did you ask people to give you written statements if they  
 18 didn't give any information to you that supported any  
 19 wrongdoing on the part of Valerie Hue?

20 A. Can you --

21 Q. Let me ask it a different way.

22 A. Please.

23 Q. Did you get a written statement from everybody  
 24 that you interviewed?

Page 52

1 things that could have happened to that office at the  
 2 time.  
 3 Q. Okay. Prior to you interviewing these  
 4 collectors for purposes of the investigation, had you had  
 5 contact with these -- apparently, you did. You said you  
 6 selected the interviewees because you knew that they were  
 7 responsible collectors, if I characterized that  
 8 correctly. Do you base that on the fact that you knew  
 9 the collectors while you were in Dover and afterwards?

10 A. I would say I represented that statement  
 11 because, yes, I did know from my time in Dover but also  
 12 over the years as the head of the sales department. You  
 13 do have lots of interaction with collectors, and, you  
 14 know, you really need to know the large balance  
 15 collectors because they truly are the ones who are  
 16 generating most of the revenue that I got paid off of.

17 Q. Okay. Did you visit the Dover, Delaware  
 18 office in December of 2003?

19 A. I don't recall.

20 Q. Okay.

21 A. I know I visited the branch on several  
 22 occasions. I don't recall the dates.

23 Q. Okay. When you visited the branch on several  
 24 occasions, did any of the collectors there come to you

Page 51

1 A. I believe I did.

2 Q. Did you interview Ken Rose?

3 A. I don't recall.

4 Q. Well, he's testified in a deposition that you  
 5 did interview him, and he didn't supply a written  
 6 statement.

7 A. Okay.

8 Q. Do you recall interviewing anybody and not  
 9 getting a written statement from them?

10 A. No. I just -- I don't recall talking to  
 11 anybody and I don't recall not getting a written  
 12 statement. I don't recall that.

13 Q. Well, do you recall that when you were doing  
 14 this investigation you were looking only for negative  
 15 information about Valerie Hue? In other words --

16 A. Not at all.

17 I'm just trying to give you an idea of  
 18 where my mind was at the time. I had just recently taken  
 19 over as, you know, the senior vice president of the  
 20 division, not knowing much about the collections side  
 21 other than what I have seen from a sales perspective. I  
 22 did know that we had no replacement for Valerie as a  
 23 general collection manager in Dover. This, in my  
 24 opinion, at that time was probably one of the worst

Page 53

1 and tell you that Valerie Hue was asking them to violate  
 2 any policy?

3 A. I don't recall.

4 Q. Well, is that something you would have  
 5 recalled?

6 A. If somebody violated -- if someone came to me  
 7 and they had said someone was violating a policy, I would  
 8 absolutely recall it.

9 Q. Okay. So the answer is, no, no collector ever  
 10 told you prior to your investigation that?

11 A. The only thing that I recall was -- and I  
 12 can't give this to you for exact. But Mike Scher had  
 13 been sending me different things -- different files to  
 14 review at the time. But it wasn't anything that raised a  
 15 flag that somebody was doing something inappropriate. It  
 16 was issues that are -- that, you know, I run into them  
 17 today. Someone will say look at this file or look at  
 18 that file. Look at this file. That's the only thing I  
 19 ever had that was getting on my radar pertaining to the  
 20 Dover branch.

21 Q. Okay.

22 A. And until Kathy brought it to my attention or  
 23 Dina brought it to my collection did I really realize  
 24 that there was potentially something really wrong going

14 (Pages 50 to 53)

## Tex Fox

Page 58

1 Q. Okay. Were any attorneys involved at this  
 2 point in time when the suspension was made? Up to that  
 3 point in time, had you had any involvement with attorneys  
 4 about this matter?

5 A. No. We typically do not go to our attorneys  
 6 until there is some type of legal issue.

7 Q. Okay.

8 A. At this point of the suspension, we're  
 9 truly -- you know, you've got to look at a suspension as  
 10 we're protecting not only the employee but we're  
 11 protecting the company. So at this juncture, you know,  
 12 we're making a decision that we can conduct the most  
 13 thorough and proper investigation. So there's no reason  
 14 for an attorney.

15 Q. Who was involved in making the decision to  
 16 terminate the plaintiff?

17 A. The decision was made mainly by Kathy, who  
 18 conferred with me, HR and the executive team. And there  
 19 was no other decision to be made other than to terminate  
 20 Valerie Hue from her position.

21 Q. Okay.

22 A. You cannot have -- and this is across the  
 23 board -- a manager violating the rules. You can't have  
 24 it.

Page 59

1 Q. You say primarily by Kathy.  
 2 It wasn't a joint decision?

3 A. I guess you could call it anything you want to  
 4 call it. It's not a joint decision on any level. The  
 5 rules were violated. She knew she was fired.

6 Q. Well, I know. But I'm trying to find out who  
 7 it was that decided it. You said you didn't remember if  
 8 there was a discussion about it. Do you remember whether  
 9 there was a joint decision to suspend her or do you not  
 10 remember that?

11 MR. ISRAEL: One second. You're asking  
 12 suspension now or termination?

13 MR. HOMER: I'm talking about suspension  
 14 right now.

15 MR. ISRAEL: Now we're back to  
 16 suspension.

17 THE WITNESS: Okay. That was confusing.  
 18 I thought you were on to termination.

19 MR. HOMER: Okay. I'm sorry if I said  
 20 that. We'll get to termination in a minute here.

21 THE WITNESS: Suspension is -- if I  
 22 remember correctly, that was made based on what Kathy was  
 23 finding out with the conversations with me and HR that  
 24 okay, yeah, let's get her out of there. There is

Page 60

1 something serious. Let's go do a further investigation.

2 BY MR. HOMER:

3 Q. So was it a joint decision with you and HR?

4 A. Most likely.

5 Q. Okay.

6 A. And it wouldn't be just me. Again, I had  
 7 Kathy highly involved because -- from the time of me just  
 8 taking over for two weeks.

9 Q. Okay. At that stage do you recall what  
 10 documents had been reviewed in conjunction with the  
 11 decision to suspend her?

12 A. At that point I really -- I mean, the  
 13 suspension was done. I went on to do what I had to do to  
 14 run the division. It was really all in Kathy's hands at  
 15 that point. Any documents that were going back and forth  
 16 were between Dina Loft and Kathy Obenshain.

17 Q. Okay.

18 A. The documents I had come in my direction were  
 19 the ones that I had requested from the collectors or the  
 20 collection managers of the Dover office.

21 Q. Okay. Let's talk about the termination now.

22 First of all, who was involved in the  
 23 decision to terminate Valerie Hue?

24 A. Everybody that I've represented so far --

Page 61

1 Kathy Obenshain, myself, HR, Steve Leckerman, Dina Loft.

2 Q. Okay. Were all those people participants in  
 3 making the decision, then? All of them had some say in  
 4 the decision?

5 A. Again, there isn't really a decision. When  
 6 you violate a rule that is really your main rule, the  
 7 decision is already made. It's not as if -- I mean, I  
 8 can only -- if you kill somebody, that's murder. Okay?  
 9 There's no decision to be made there. You're going to  
 10 jail.

11 Q. Well, that may be.

12 But before somebody is fired somebody  
 13 has to say you're fired. Correct?

14 A. Well, yeah.

15 Q. Somebody is going to have to decide that that  
 16 statement has got to be made. Correct?

17 A. Once Kathy made the recommendation to  
 18 terminate her and we saw all that we had, that was the  
 19 absolute decision that was made. You can call it a joint  
 20 decision, a Kathy decision, an HR decision -- the  
 21 decision that was made was executed by myself and HR.

22 Q. I don't want to call it anything. I'm just  
 23 asking you if you recall who it was that decided that she  
 24 was going to be terminated. Now, it could have been a